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**Contra
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County**

**STRATEGIC, ARCHITECTURAL AND
FINANCIAL PLANNING -
REPLACEMENT COUNTY HOSPITAL**

Final Report

NOVEMBER 1988

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Arthur Young

SMP



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TABLE OF CONTENTS

	<u>Page</u>
I. Background and Approach	I.1
II. Strategic Planning	II.1
III. Architectural Planning	III.1
IV. Financial Planning	IV.1
V. Recommendations	V.1
Appendix A - Patient Day Projections	
Appendix B - Baseline Financial Projections	
Appendix C - New Hospital Financial Projections	

TABLE OF EXHIBITS

<u>Exhibit</u>		<u>Page</u>
1	Historic Patient Days	11.3
2	Patient Days by Service	II.4
3	Population Trends	II.5
4	Population Age Mix	II.6
5	Population Growth Rates	II.7
6	Patient Day Use Rates	II.8
7	Service Area Map	II.10
8	Medi-Cal Days	II.12
9	Total Patient Days	11.13
10	Medicare Patient Days	II.15
11	Discharges of Solano Residents	II.18
12	Projected Utilization Options	II.29
13	Projected Patient Days	II.30
14	Projected Total Patient Days	II.31
15	Projected Medicare Patient Days	II.32
16	Projected Medi-Cal Days	II.33
17	Site Development Analysis	III.90
18	Existing Site Plan	III.93
	Recommended Site Plan	III.94

TABLE OF EXHIBITS (CONT)

<u>Exhibit</u>		<u>Page</u>
19	Recommended First Floor Plan	III.101
	Recommended Second Floor Plan	III.102
	Recommended Third Floor Plan	III.103
	Recommended Fourth Floor Plan	III.104
	Recommended Fifth Floor Plan	III.105
	Recommended Sixth Floor Plan	III.106
20	Assumed Project Development Schedule	III.110
21	Option I - Base Case Financial Projections	IV.3
22	Option II - New Hospital - Financial Projections	IV.4
23	Comparison of Option I and Option II	IV.5

I. BACKGROUND AND APPROACH

BACKGROUND AND APPROACH

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND AND APPROACH	I.1
Background	I.1
Approach	I.3

I. BACKGROUND AND APPROACH

Arthur Young was engaged by the Health Services Department of Contra Costa County (the County) and Merrithew Memorial Hospital (the Hospital) to provide strategic, architectural and financial planning assistance in order to determine the feasibility of constructing a replacement to the County Hospital. In this section of our report we discuss the background of the project and the approach we utilized to perform the study.

BACKGROUND

Merrithew Memorial Hospital is owned and operated by Contra Costa County. It is a full-service inpatient hospital with 191 beds, and also provides mental health, geriatric, and outpatient services. The Hospital campus currently contains a number of separate component facilities, as well as a main hospital building complex composed of several wings. The wings are located on different levels of a hillside, and are connected by a roof structure and a partially enclosed corridor. The oldest portions of the hospital complex date back to 1914, and the major portions of the main hospital were constructed in the 1940s and 1950s. The buildings and systems are almost all out of date and at the end of or beyond their projected useful lives. They are still in service through the continued maintenance work of the County and General Services Department. The facilities generally do not meet the standards of current health, safety, building and engineering codes. In short, the Hospital has been characterized by both supporters and detractors as antiquated and beyond repair.

In fact, subsequent to the completion of the data collection phase of this project, State of California licensing authorities conducted an inspection of the Hospital and notified the Health Services Department of a number of violations which will need to be corrected. Preliminary estimates of the cost of the required corrections to the existing hospital are approximately \$16 million. The cost of these modifications has not been incorporated into this study.

In Contra Costa County, the burden of uncompensated care borne by Merrithew Memorial Hospital is nearly 60% of total uncompensated charges in the County. In addition, the population served by the Hospital brings a variety of health problems associated with marginal economic status, and the inefficient physical facilities have presented additional challenges to County management.

The Board of Supervisors approved, in concept, the recommendation of the Health Services Director to replace the facility with a modern facility, but requested verification of the feasibility of such a replacement project. The County then engaged Arthur Young to determine the feasibility of constructing a replacement to the Hospital.

Feasibility was to be evaluated in terms of availability of funding, alternative funding sources and impact on the County's General Fund contribution to the Health Services Department. In addition, Arthur Young was to project service volumes, recommend optimal program configuration and size, estimate operational and staffing costs, develop a preliminary functional and space program, and estimate project costs.

In addition, the County requested a special focus on evaluation of additional programs to provide the full continuum of care for geriatric patients, perhaps under the umbrella of a Geriatrics Institute.

To guide the planning process, a series of working assumptions were prepared by the County. They are:

- The replacement Hospital will be located in Martinez on the present campus
- The Hospital will continue to be the major provider of services to low-income residents of Contra Costa County
- The Hospital will be one element in a continuum of services for the elderly, forming a Geriatric Institute
- The emphasis on outpatient services throughout the County will continue
- The County will continue to provide a full spectrum of mental health services, including acute hospitalization

- The County cannot afford a significant increase in General Fund subvention of Health Services. Net costs of operation and debt service must be minimized and external funding obtained if necessary
- Wherever possible and economically justifiable, existing structures on the Hospital campus will be renovated if necessary, and used for outpatient services and support staff.

APPROACH

We structured our approach to this project to address three phases of analysis with specific attention being given to the interrelationships among the phases.

The first phase of analysis was a data gathering effort to assemble all relevant information, including previous studies, on the historic, current and future utilization of each of the components of the Hospital. This data was combined with a profile of the Hospital's external environment and an assessment of future trends likely to influence the Hospital, to produce a Hospital resource assessment and to propose strategic alternatives. Scenarios and final planning assumptions to serve as the basis for following phases were presented to the Steering Committee for review and approval, and presented to the Project Oversight Committee. The findings and recommendations for this phase are presented in Section II - Strategic Planning.

The second phase of analysis was to utilize the approved scenarios and planning assumptions developed in the first phase, and the programmatic changes selected as preferred alternatives for the future of the Hospital and conduct departmental interviews to determine appropriate space utilization. Facility alternatives were identified and submitted to the Steering Committee for approval, and presented to the Project Oversight Committee. The findings and recommendations for this phase are presented in Section III - Architectural Planning.

The final phase of analysis was to assess the current financial situation of the Hospital and project future net County costs to serve as the basis for comparison to the financial outcomes from the preferred alternative identified in the previous two phases of analysis. We prepared projections of financial results for the selected program mix, and a reasonable number of facility and financing assumptions, and performed sensitivity analyses of critical variables. Finally, we identified alternative financing mechanisms, which might serve as sources of capital. The financial feasibility analysis was reviewed with the Steering Committee for selection and approval of the preferred scenario. Our findings and recommendations for this phase are presented in Section IV - Financial Planning.

While this project was estimated to be completed in approximately one year, several factors contributed to delays in all three phases of the project. For instance, market changes in the County during the last half of the fiscal year ended June 30, 1988 contributed to an occupancy rate increase at the Hospital which was higher than the original estimates, requiring significant adjustments to the patient day projections. Completion of the project was then put on hold while other replacement options were discussed, e.g., joint venturing or purchase of another facility.

In this final report we have integrated the preferred programmatic alternatives, facility plans and financial analysis of the proposed scenario. This report encompasses strategic alternatives, the optimal facility plan solution, and the financial consequences of these plans, and can serve as the basis for program direction, capital improvement and site development to guide the future development of the Hospital.

II. STRATEGIC PLANNING

STRATEGIC PLANNING

TABLE OF CONTENTS

	<u>Page</u>
II. STRATEGIC PLANNING	II.1
County Needs Assessment	II.1
Contra Costa County's Role	II.17
Access to Care for Medi-Cal Patients	II.19
Geriatric Program	II.19
Obstetrics/Women's Health Program	II.21
Responding to Unmet Needs - Aids	II.23
Enhanced Medical Staff Practice Opportunities	II.25
Scenarios for Merrithew Memorial Hospital	II.28

II. STRATEGIC PLANNING

The objective of this project was to determine the feasibility of a replacement county hospital by selecting a reasonable course of action and testing its feasibility. The selected course of action was to meet the following objectives:

- The County provides services for which a demonstrable need exists
- The selected course of action is reasonably affordable
- The programs capitalize on the County's existing strengths
- Maximum use is made of private sector resources
- The future health care needs of the elderly poor and medically underserved are met.

The Strategic Planning phase of the project sought to address a number of key questions:

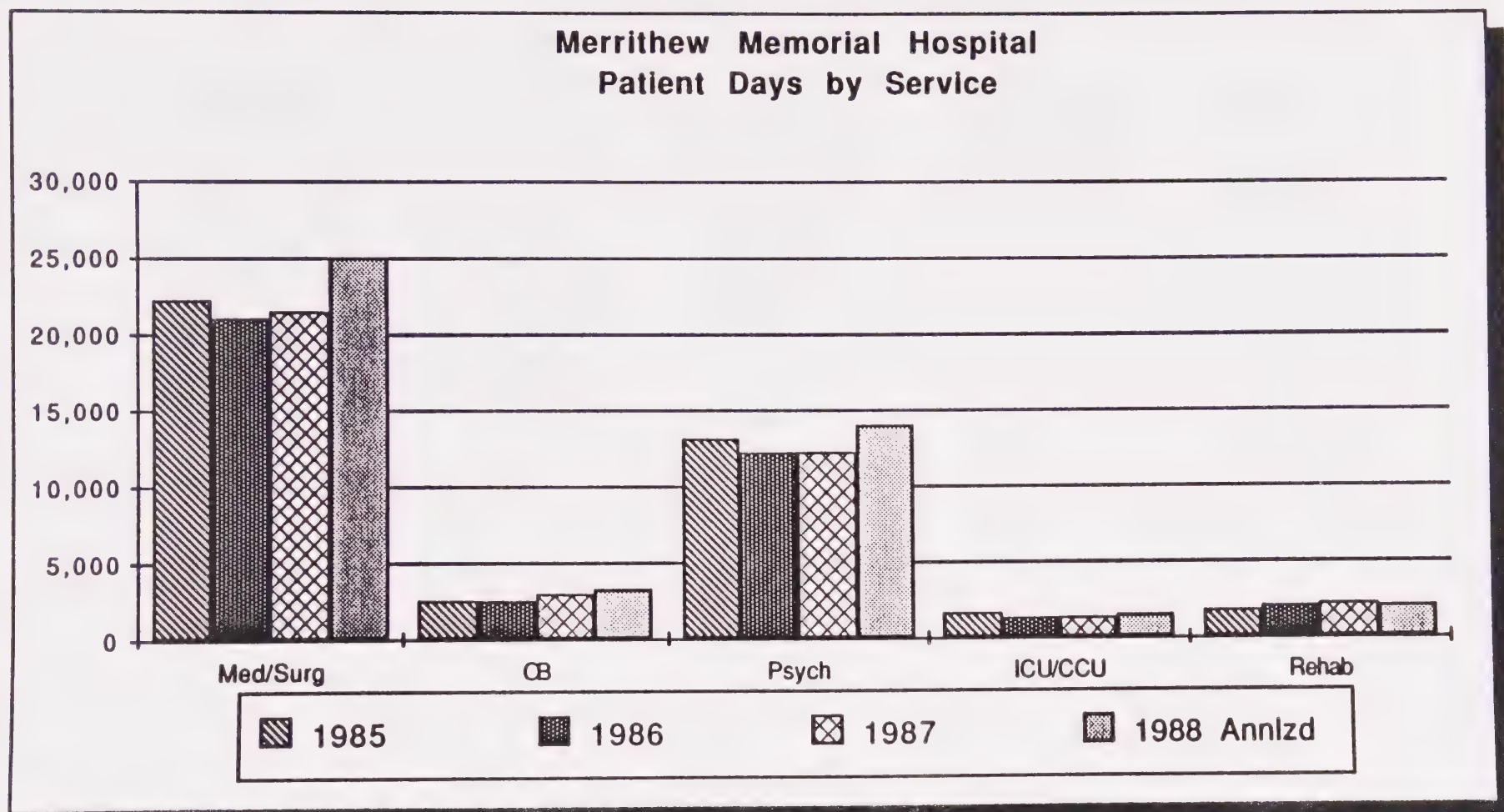
- What are the health needs of the area?
- What are the health resources of the area?
- What unmet needs can be anticipated?
- What is the most appropriate role for the County in meeting those needs?
- How can the County optimize financial results and private physician support?
- What scope and configuration of services should the County provide in the Hospital and Geriatrics Program?

COUNTY NEEDS ASSESSMENT

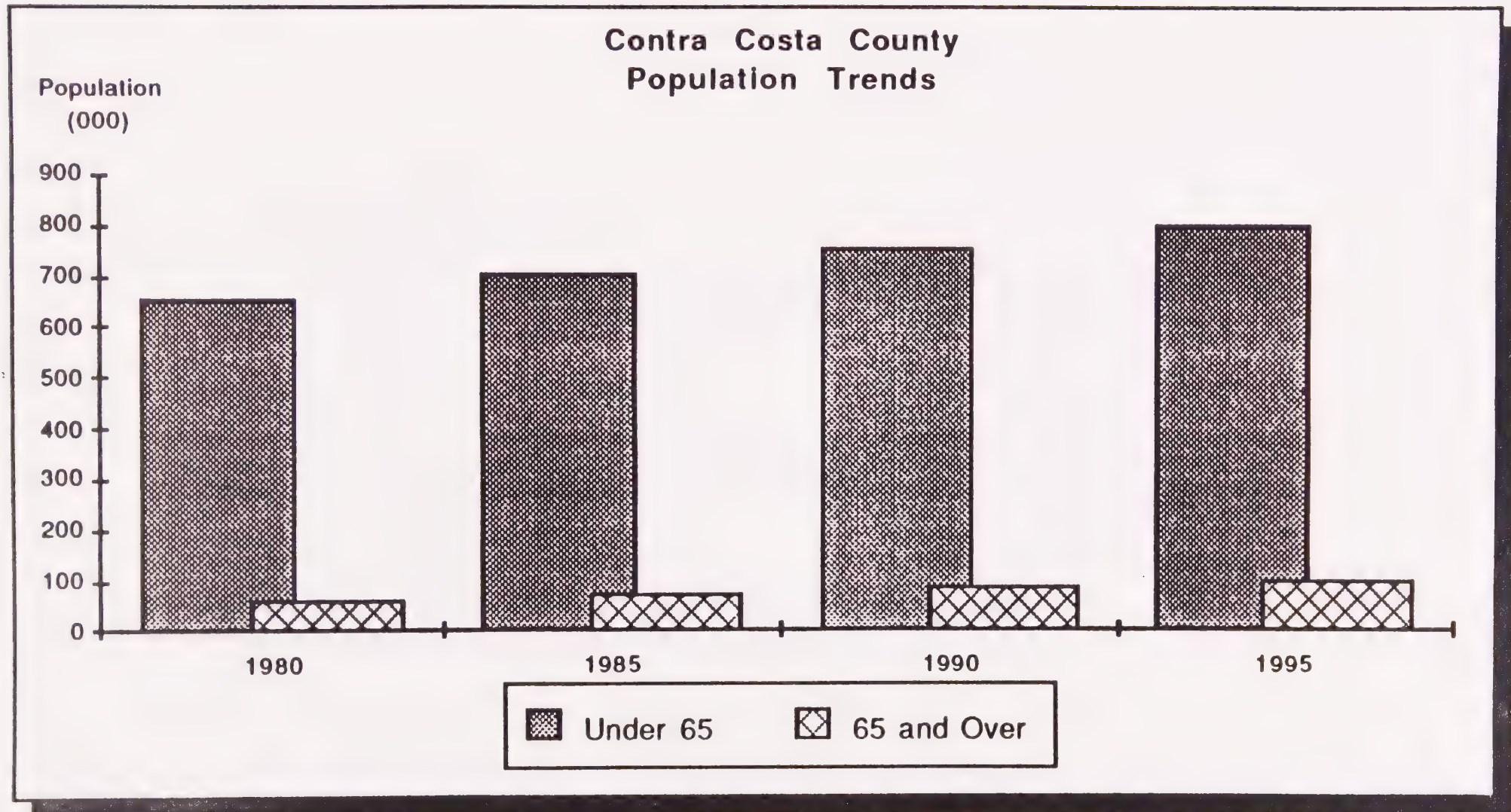
To determine the health care needs and resources of the area, and identify anticipated unmet needs, we reviewed:

- Population trends and projections
- Housing development profiles
- Historic rates of health care resource usage

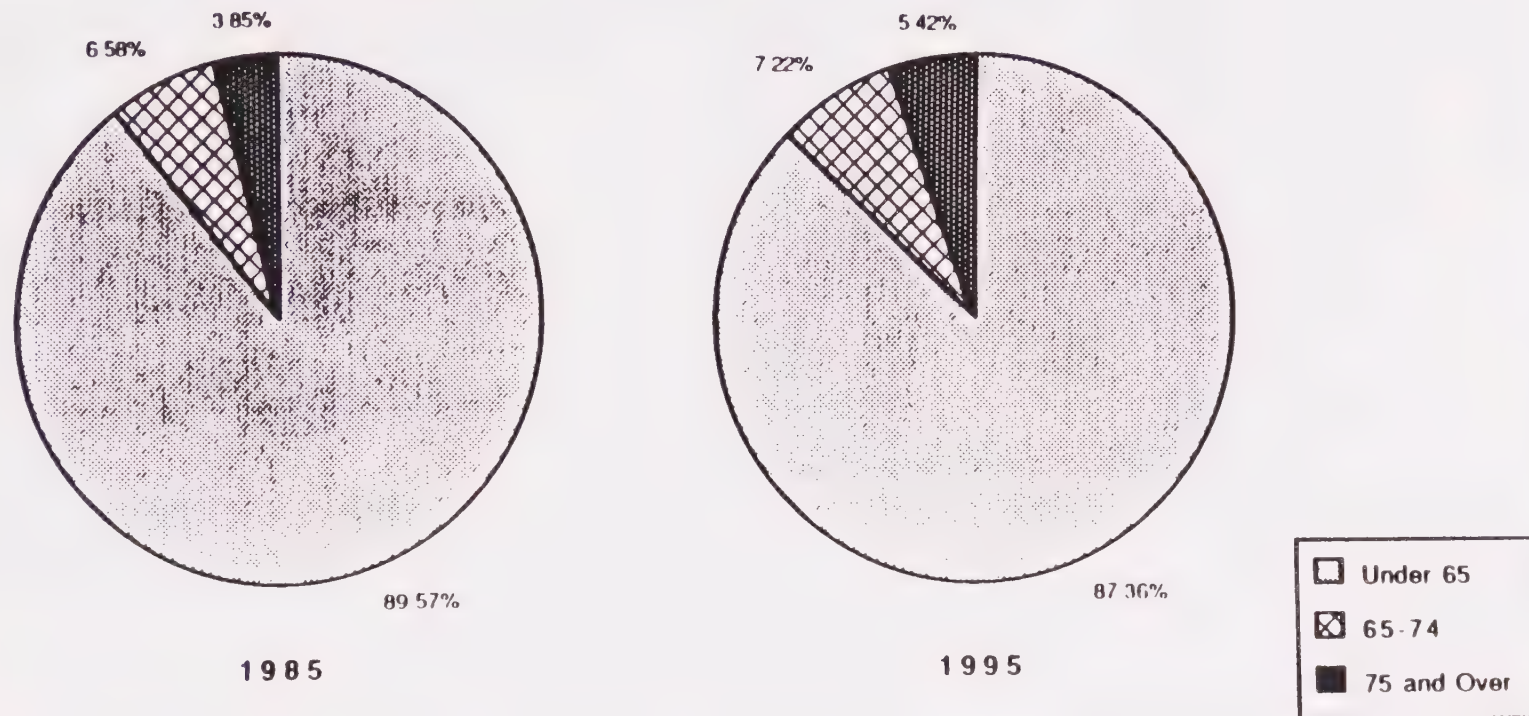
II.4



1988 Annualized from 8 months of data

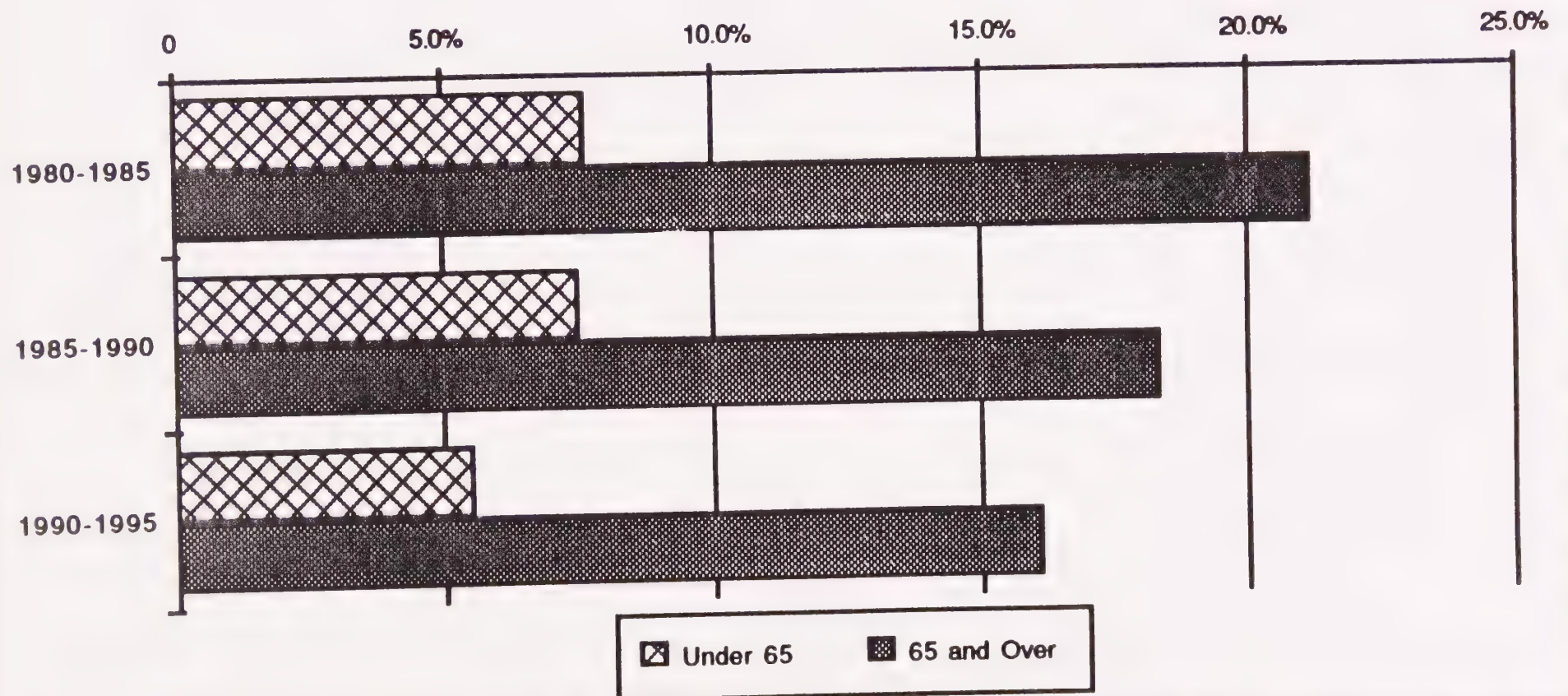


Contra Costa County Population Age Mix



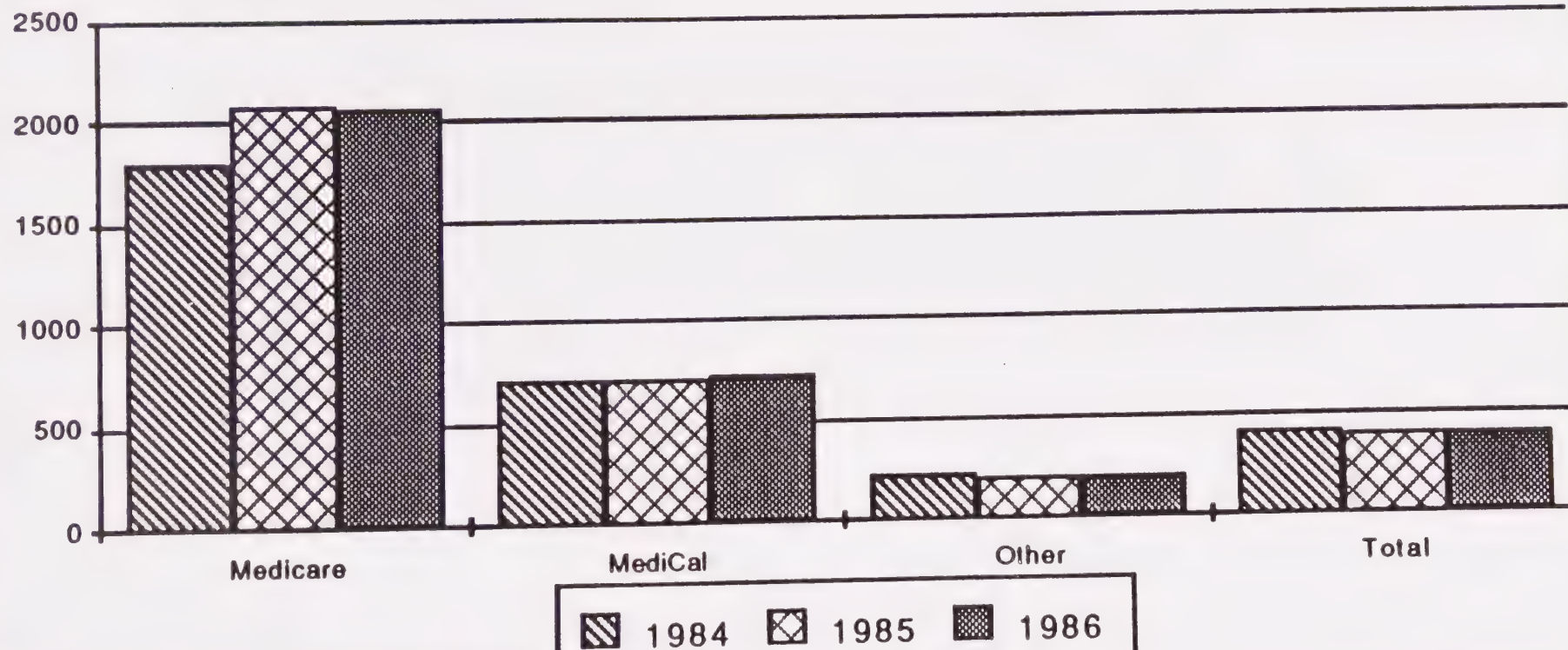
Source National Planning Data Corporation

Contra Costa County Population Growth Rates



Contra Costa County Patient Day Use Rates

Use Rate



Use rate=Patient Days/1000 Population

An analysis of patient admissions by zip code of patient residence for the calendar years 1984, 1985 and 1986 was the basis for defining MMH's primary and secondary service areas. The primary service area for the Hospital consists of Martinez and Pittsburg. The primary service area accounted for 30.1 percent of total admissions in 1985. The three secondary service areas of the Hospital include:

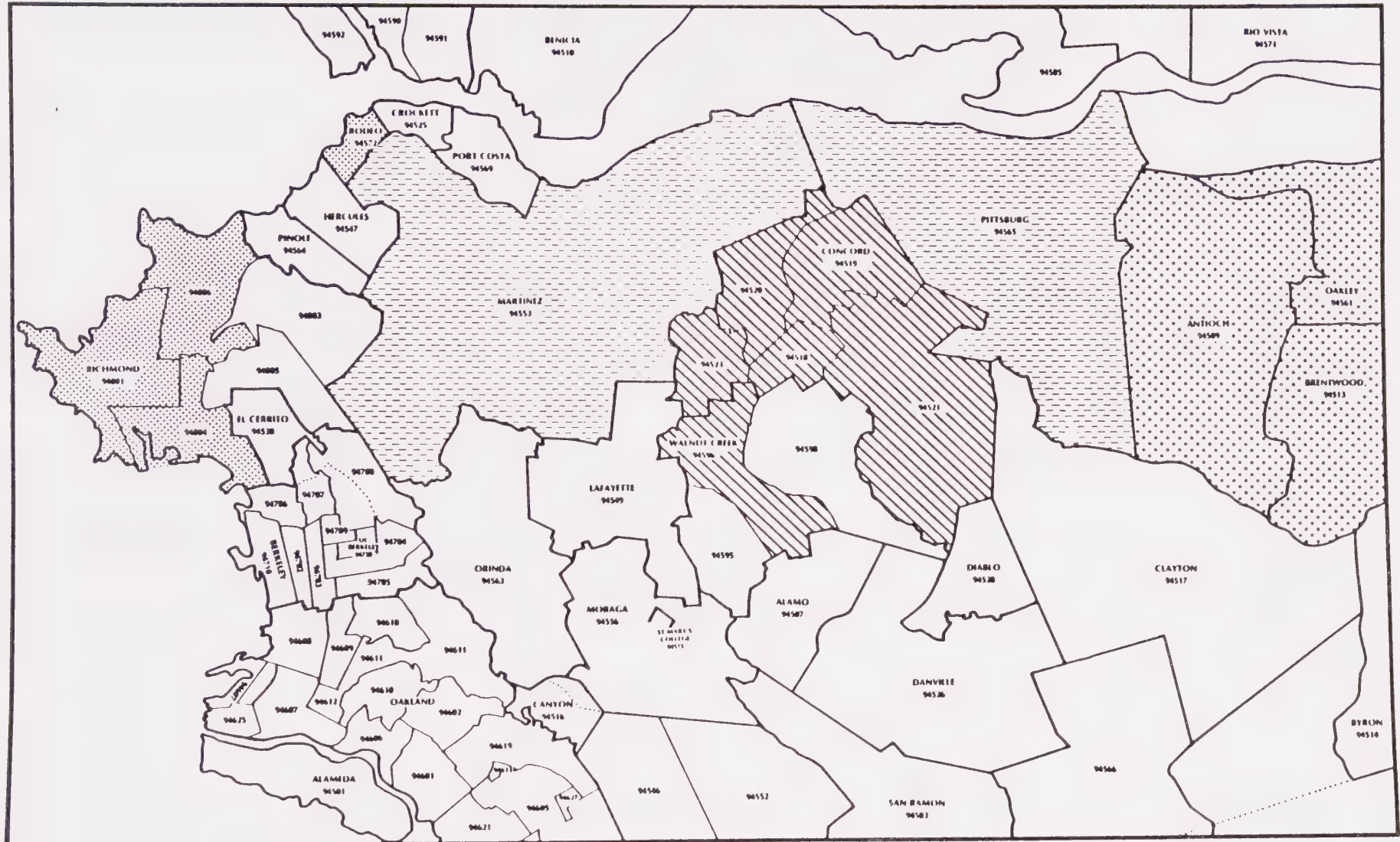
- Concord - Concord and Walnut Creek
- Richmond - Richmond, San Pablo and Rodeo
- Antioch - Antioch, Brentwood and Oakley

In 1985, the Concord, Richmond and Antioch secondary service areas accounted for 23.2, 21.7 and 10.7 percent of total admissions, respectively. A map of MMH's service area is located on the following page.

Following the service area map, we present a summary of the competitive component of the study.

CONTRA COSTA COUNTY MERRITHEW MEMORIAL HOSPITAL SERVICE AREA MAP

EXHIBIT 7



KEY:

Primary Service Area - Martinez

Secondary Service Area - Antioch

Secondary Service Area - Concord

Secondary Service Area - Richmond

COMPETITIVE ASSESSMENT

Opportunities

In the immediate service area as well as in the total County, MMH has the single largest market share of Medi-Cal patients. (See Exhibit 8.)

MMH's overall market share of 10% of County patient days in 1985 makes it the third largest provider in the County, behind Mt. Diablo and John Muir. (See Exhibit 9.)

MMH almost doubled its market share of private patients between 1984 and 1986. Although the absolute number of cases is still very small, the increase in the number of cases in private insurance almost equaled the total decline in Medicare cases. This gain is especially notable when compared to the declines experienced by other hospitals in the County.

MMH substantially increased its number of "Other" payor cases, a category which includes HMO and self pay. However, its relative market share declined.

Implications

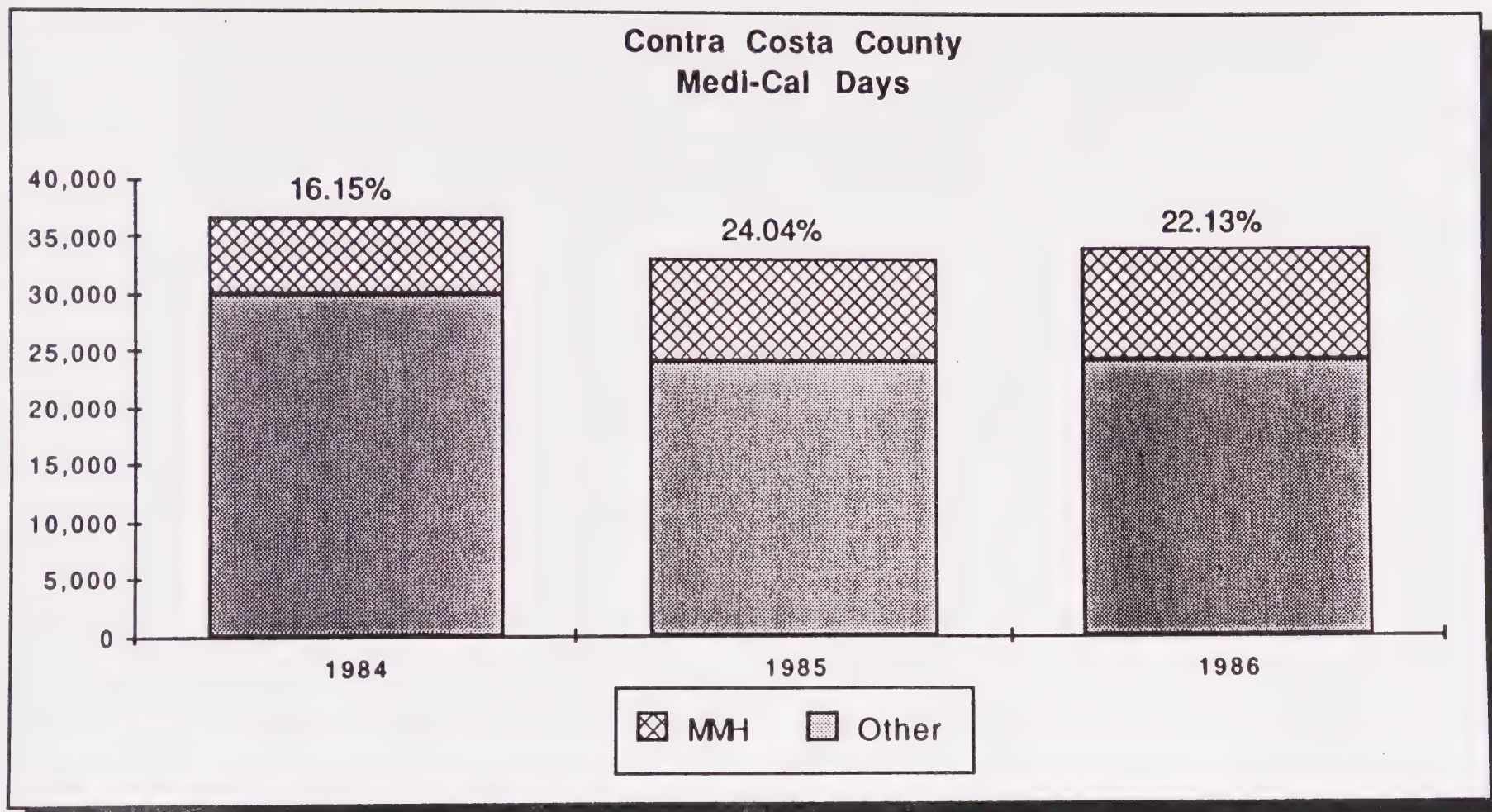
While Medi-Cal patients have not traditionally been considered "desirable", they represent real revenue to MMH, especially when considered as incremental to the "basic", i.e. indigent, caseload. This strong base is an asset to protect and exploit. However, MMH is not alone in considering these patients incremental, and can expect increased competition for them.

Although much of MMH's market presence results from its role as provider of "last resort", its size and rank as third of 12 hospitals (treating each Kaiser facility discretely) makes it a substantial presence in the health care delivery system. This is a significant advantage in protecting MMH's basic existence and as a starting point for market strategies.

Despite physical plant problems, MMH has managed to attract new private insurance patients, especially from the Richmond area. This may reflect continued usage by formerly indigent or Medi-Cal patients who have gained employment as the economy has improved. It may indicate unique competencies at MMH.

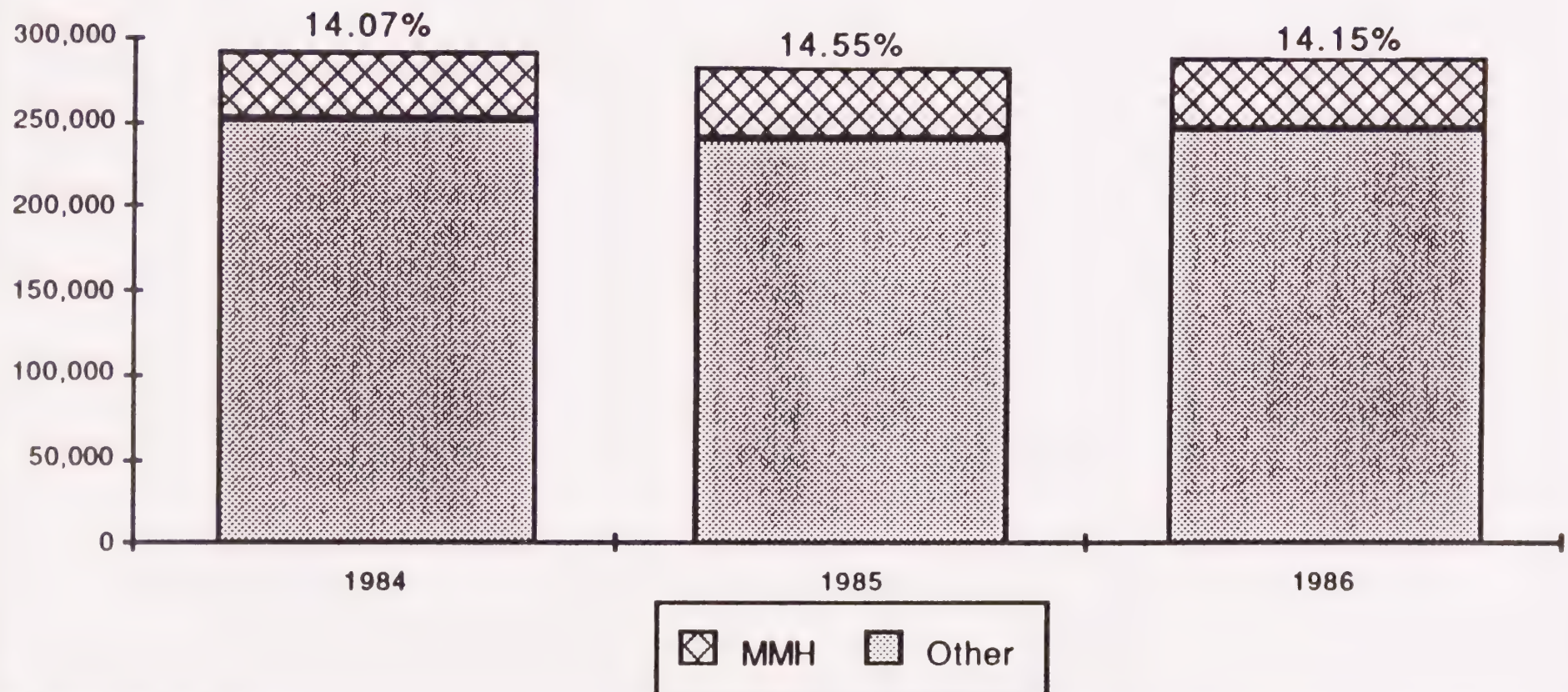
While other hospitals' increases in "Other" were at the expense of private pay (presumably as insurance patients joined HMOs), MMH gained in both categories as private patients and Health Plan cases increased along with growing indigent demand.

II.12



Source: HCNC Discharge Study; Excludes Kaiser

Contra Costa County Total Patient Days



Source: HCNC Discharge Study; Excludes Kaiser

COMPETITIVE ASSESSMENT

Threats

Overall use rates (admissions per thousand population) in the service area, County and all major planning zones declined between 1984 and 1986.

Total use rates for the service area declined 2% while rates for the County decreased 5%. This was consistent across all planning zones except Richmond, which increased 2%.

MMH market share changes between 1984 and 1986 reflect declines in many key markets, resulting in declining admissions beyond that resulting from declines in community use rates.

Implications

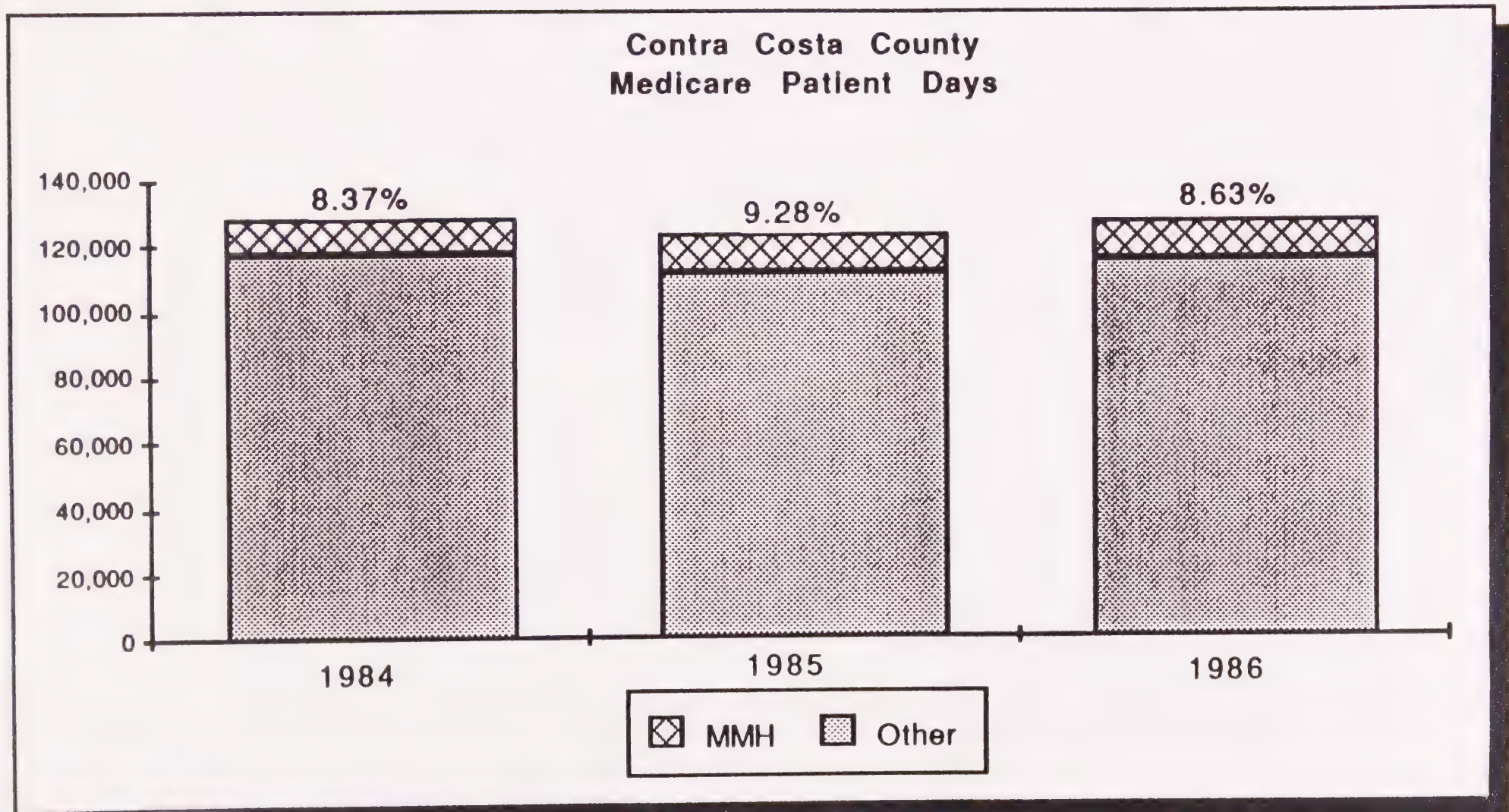
MMH is competing with other area hospitals for a shrinking pool of patients. Shrinkage is most extreme in the area where MMH was traditionally strongest, Medi-Cal. Therefore, MMH potentially suffers more from declines than other hospitals, if all other factors stay equal.

Short term declines in Medicare admissions are partially attributable to DRG and other cost containment pressure. Declines should stabilize as use rates flatten out and population grows. (See Exhibit 10.)

Medi-Cal declines may be more lasting as program and access restrictions suppress demand. However, this may also lead to future increases in acuity and resulting demand. Problems with access to physicians may result in redistribution of demand between providers.

Private pay shifts to HMO and self-pay are likely to continue as insurance premiums begin to accelerate again, corporations continue and accelerate restructuring in the face of economic uncertainty, and employment shifts to service industries which traditionally have poor benefits.

Due to market share declines, MMH lost even more cases than those attributable to the overall shrinkage of the health care market between 1984 and 1986. In order to maintain a constant census level (independent of population growth) MMH would have to increase its market share each year in the face of declining use rates.



Source: HCNC Discharge Study; Excludes Kaiser

COMPETTITIVE ASSESSMENT

Threats

Brookside has increased Medi-Cal market share throughout the service area and the County between 1984 and 1986 by 24%. They have also accomplished minor increases in Medicare. However, they lost market share in private pay and "Other" categories. Overall, their market share was flat (as was MMH's).

Alameda County hospitals have significantly increased market share in several important areas, most notably in Medicare cases. While many hospitals participated in this outmigration, Merritt was the only single facility which had substantial gains.

Other hospitals exhibiting specific strength in the market between 1984 and 1986 included Doctors' of Pinole which increased Medicare, private pay and "Other"; and Delta Memorial with strong gains in "Other" and smaller increases in Medi-Cal. Following these hospitals in increases were Los Medanos in both MMH's service area and the County, and John Muir in MMH's service area only.

Implications

Brookside is targeting the same populations where MMH has pockets of strength and strategic opportunities. It is also located in a market area of importance to MMH, and one which is particularly vulnerable due to geographic access problems. Therefore, Brookside is a direct competitor to MMH.

The competitors in the Oakland area are also seeking new sources of patients which adds to the competitive pressures in MMH's service area.

Doctors' of Pinole, while perceived as a "carriage trade" hospital with less competitive implications for MMH, still has important influence on the Richmond area. Richmond is a critical market to MMH.

The increasing presence of Delta in Medi-Cal threatens another important patient source for MMH. However, it also implies heightened competitive intensity between Delta and Los Medanos, a situation which could create opportunities for MMH.

CONTRA COSTA COUNTY'S ROLE

Overall industry trends across California and the U.S. are resulting in increased reliance on public hospitals for service to a growing uninsured and underinsured population. Merrithew Memorial Hospital and the County clinics already serve in a number of roles:

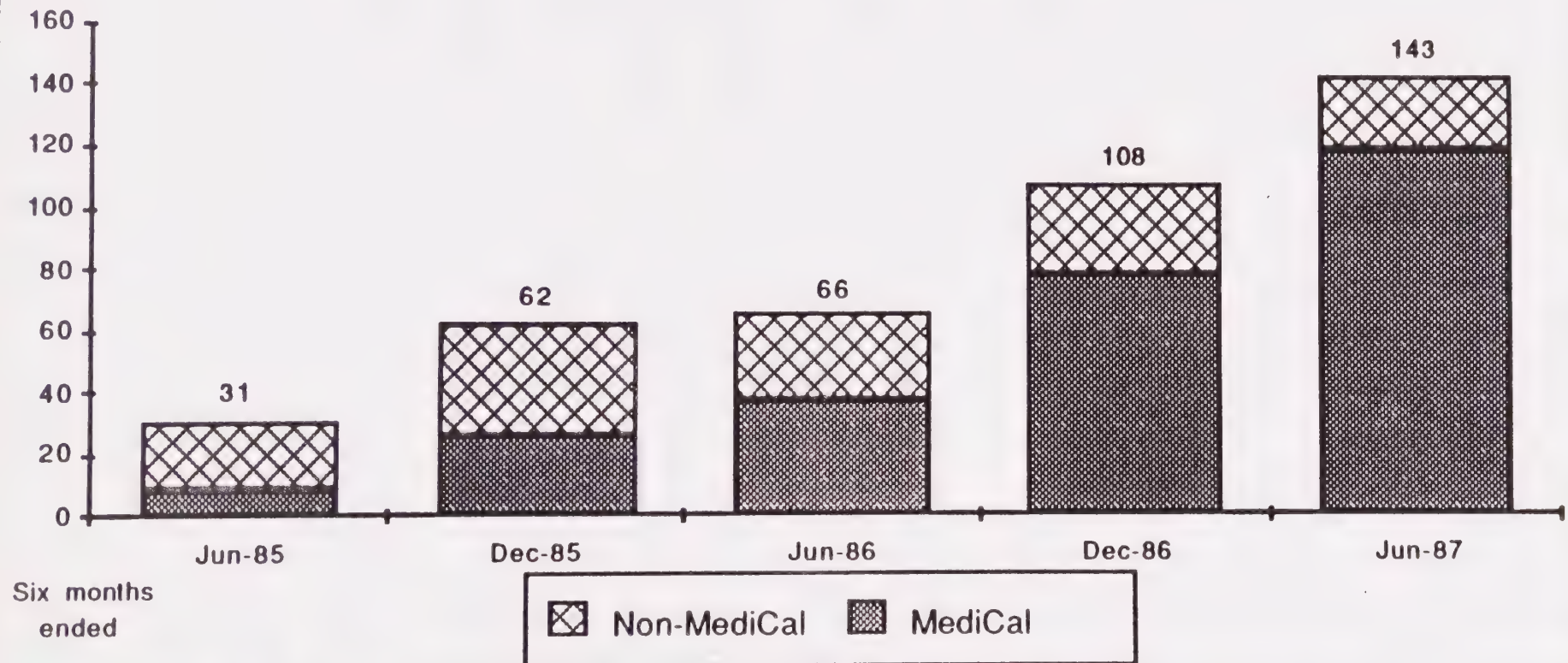
- Major family practice teaching program
- Medi-Cal provider
- Sole provider of high-acuity psychiatric services
- Unique geriatric clinic and medical/psychiatric program
- Major local provider for Martinez area
- Provider for meeting Section 17000 mandates
- Regional provider for Solano patients seeking physician access. (See exhibit 11)

We recommend that the County's most appropriate future role include the following components. The County should:

- Continue meeting the growing needs of Medi-Cal and other economic groups for physician and acute medical services
- Expand and enhance services to geriatric populations in specialized areas, beginning with the existing strong medical/psychiatric program
- Use the County's strong presence in the obstetrics market to expand and enhance the continuum of services to women and their families
- Respond to unmet community needs which the private health system cannot or will not provide for, such as AIDS
- Enhance physician practice and clinics to compensate for declining private sector availability while also supporting the County Health Plan
- In conjunction with the above programmatic strategies, seek appropriate regional cooperative opportunities to use Merrithew Memorial Hospital resources to meet health care needs.

The following pages further describe the objectives and development strategies for the recommended program alternatives.

Merrithew Memorial Hospital Discharges of Solano Residents



ACCESS TO CARE FOR MEDI-CAL AND OTHERS

The medical staff of Merrithew Memorial Hospital will continue to meet the growing need for primary and secondary care in population segments experiencing decreasing access to private sector care. This will include enhanced access through appropriate sites and hours of operation, as well as effective planning to ensure adequate transportation for patients seeking to use MMH. Regional opportunities to enhance access to physician services will also be explored, using the cadre of physicians already required to meet the needs of Contra Costa County residents.

Specific strategies to enable the County to provide this access include:

- Monitor access to care by Medi-Cal and others in private sector across County
- Identify regional or specialty areas with substandard access
- Develop appropriate approaches to meet the need, e.g.,:
 - promotional efforts to increase awareness of service availability at MMH and clinics
 - transportation planning to enhance access to existing County services
 - development of tailored clinic staffing, sites and/or schedules
- Monitor impact of physician access on capacity, expense and revenue both at clinics and at MMH to assess net financial results.

GERIATRICS PROGRAM

The Geriatrics Program will serve as an important vehicle to enable the replacement of Merrithew Memorial Hospital. Through this Program, the Hospital would develop an increased ability to attract and serve Medicare and other payor classes in order to decrease net County cost for overall Hospital operations. The Geriatrics Program is a key entry point to serving the "mainstream" population of the County.

The Program Analysis presented on the following page outlines relevant strengths, weaknesses, opportunities and threats for the Geriatrics Program.

PROGRAM ANALYSIS

MARKET OPPORTUNITY: GERIATRICS PROGRAM

Strengths/Opportunities

Rapidly Growing elderly population in the County

Existing gero-psychiatric program at MMH

Existing array of relevant County services, including home health care

Rehabilitation personnel and experience

Experienced clinical personnel who have shown initiative in developing existing programs

Administrator with experience in long term care operations

Linkage with UC Davis through FP residency program

Weaknesses/Threats

Lack of Board Certified/Eligible medical specialists in key specialties

Lack of participation of community physicians

Negative image as "County" facility, poor physical plant with capacity constraints

Limited integration among the numerous related services offered by the County affecting seniors

Limited experience in, or resources for marketing

Low Medicare market share

Service area 65+ population growing slower than overall County

Marketplace/Competition

No other facility in County has a special program targeting this population yet; however, others (including John Muir) are in development. Alta Bates has a geriatrics program which includes treatment of Alzheimer's patients.

Alameda County has a gero-psychiatric program with UCSF fellows.

VA population is aging; Stanford VA has Geriatric Research, Education and Clinical Center with Stanford residents.

The specific strategies to be employed in developing the Geriatrics Program and focus on service to the elderly include:

- Expand the specialized inpatient unit focusing on gero-psychiatric services. This could be accomplished by:
 - Increasing available bed capacity, e.g., additional acute beds or a step-down unit
 - Strengthening formal linkages with existing County programs, e.g., in-service training to home health personnel, social workers and other related County personnel regarding Program capabilities
 - Expanding the in-home assessment program with funding obtained by developing a legal structure suitable for fund-raising and grants management, and soliciting seed money from public and private sources
 - Linking rehabilitation resources to geriatrics by reorganizing existing rehabilitation staff to serve under the direction of geriatrics or provide specialized geriatrics training to rehabilitation personnel as needed.
- Expand elderly access to primary care, which could be accomplished by:
 - Opening a new clinic facility in Richmond supporting both geriatrics and Health Plan objectives
 - Seeking strategies to improve access to transportation for diagnostic and secondary clinic services.
- Monitor the feasibility of developing a high-acuity skilled nursing facility which might include a gero-psychiatric step-down unit, stroke rehabilitation or treatment of Alzheimer patients.

OBSTETRICS/WOMEN'S HEALTH PROGRAM

The County Obstetrics/Women's Health Program will continue to meet the rapidly growing need for obstetrical, and other primary and secondary services. This will include enhanced physical access through appropriate sites and hours of operation, as well as through effective planning to ensure adequate transportation for patients seeking to use MMH. The facility and program planning for the Hospital will seek to reflect the community's increased reliance on the Hospital for prenatal care, while monitoring opportunities to expand services to these patients in other areas of women's and family health.

The Program Analysis on the following page analyzes the strengths, weaknesses, opportunities and threats which will affect development of the Obstetrics/Women's Health Program.

PROGRAM ANALYSIS

MARKET OPPORTUNITY: OBSTETRICS PROGRAM

Strengths/Opportunities

Current services have a high mix of obstetrics, focusing on low risk patients

MMH's traditional market segments have higher fertility rates than the population as a whole

Access to obstetrical care is deteriorating due to increased liability problems, especially for Medi-Cal patients and other low income groups

Absence of entrenched traditional medical staff makes program definition easier, and facilitates family oriented care

A new clinic in Vallejo should increase deliveries, justifying clinical resource enhancement

Weaknesses/Threats

Population growth rate for women 15 - 44 is relatively low

Target population is traditionally heavy HMO, a market which MMH currently cannot access - Martinez OB admits were 33% Kaiser and 41% HMO overall in 1985

Lack of a full scope of Board Certified/Eligible medical specialist is compounded by lack of access to MMH by community physicians

Poor physical plant combined with image as "County" hospital

Increasing liability climate and risk-adverse physicians are seeking high-tech OB settings for even routine deliveries

In common with many hospitals, MMH's low caseload of about 900 deliveries a year is well below target minimum of 2,000 for quality standards

Marketplace/Competition

Martinez insurance patients prefer John Muir, Mt. Diablo and hospitals in Alameda County to MMH for deliveries. MMH has 4% share of Martinez insurance cases in OB, although it is the hospital of choice for local Medi-Cal with a 79% market share.

Outside of the local area this pattern continues with dilution as Medi-Cal patients also heavily use Brookside and Los Medanos.

The Obstetrics/Women's Health Program will be developed through the following strategies:

- Ensure population access to obstetrical patient care, which can be accomplished by:
 - Promoting availability of care through County clinics and medical staff
 - Developing additional delivery sites or hours as appropriate, such as the clinic recently opened in Solano County.
- Improve physical access to the Hospital for patients relying on County physicians, e.g., develop transportation strategy and mechanism for prenatal orientation, diagnostic services, prenatal care and births
- Enhance the attractiveness of the physical facility through evaluation and implementation of short term functional and amenity enhancements
- Augment clinical resources by developing a Level II neonatal intensive care nursery and ensuring that Medical staff representation is consistent with case load requirements.

The projected impact of implementing the proposed changes to the Obstetrics/Women's Health program is 225 additional deliveries with average length of stay of two days by 1990. Also, expansion in key regional markets (Antioch and Richmond) is projected to result in 1,500 non-obstetrics patient days by 1992 as a side effect of the obstetrics/women's health focus.

RESPONDING TO UNMET NEEDS - AIDS

The County AIDS Program will seek to respond effectively to the complete medical needs of AIDS and ARC patients, consistent with County and community resources including cost-effective case management.

MMH's skills developed in meeting the chronic health needs of the geriatric population will enhance the ability to effectively serve the similarly chronic but unique needs of AIDS and ARC patients. The Hospital will seek to attract non-indigent AIDS patients in addition to its current services to indigents in an effort to provide a continuum of care while maximizing subsidy through third-party payors.

The Program Analysis on the following page outlines relevant strengths, weaknesses, opportunities and threats for the AIDS/ARC program.

PROGRAM ANALYSIS

MARKET OPPORTUNITY: IMPROVE AIDS/ARC PAYOR MIX

Strengths/Opportunities

Clinic program and primary care network

Existing patient base of indigent cases (Average Daily Census of 2)

Existing array of County services including social work and home health

Access to patients through County public health function

Overall profile of County services in education and prevention

Full scope of acute care capability including psychiatric services

MMH is at lower risk in this effort than other hospitals since it can expect to receive the poor paying cases under any circumstances

Weaknesses/Threats

Lack of Board Certified/Eligible specialists in respiratory, oncology, infectious disease and related specialties

Poor physical plant and image as "County" facility

Lack of defined program or market presence

Attraction of significant caseload or even marketing efforts could decrease MMH's attractiveness to other desired population segments; they are unlikely to lose existing patients, but it could conflict with other planned efforts

Potential problems in staffing, hiring and retention, especially if a dedicated AIDS unit were developed

The need exists for a short stay SNF and hospice program to effectively manage costs

Marketplace/Competition

No organized competition yet - most hospitals are treating cases but are ambivalent about efforts to attract them.

Competitors run higher risks than does MMH that seeking to attract AIDS patients will have negative marketing consequences on other primary patient bases.

Lack of data regarding where patients are being treated, current caseload or expected caseloads.

MMH's specific strategies with regard to developing an AIDS program will include the following:

- Develop an integrated AIDS and ARC service continuum, e.g., acute care unit, medical staff AIDS specialist, home health, mental health, social work, community volunteer support and case management
- Provide physician support to providers within the community through medical education, case evaluation and consultation
- Increase public awareness of the County's continuum of services, e.g., integrating information with educational outreach, testing and counseling
- Develop transportation plan for service access.

The projected impact of implementing the proposed changes to the AIDS program is an average daily census of nine patients by 1990 as a result of the marketing focus. The market share is capped at an average daily census of nine patients for each year thereafter due to likely efforts to limit excessive domination by one patient type. This projection is based on a reported average daily census of two patients and estimated patient days based on 57 days per case per year and 65 live cases in 1987.

ENHANCED MEDICAL STAFF PRACTICE OPPORTUNITIES

The County will seek to provide an expanded practice opportunity for the physicians serving Merrithew Memorial Hospital as staff members through the development of practice and clinic sites which enhance their ability to attract private patients. The family practice orientation of the staff will be maintained as a high quality and cost-effective alternative to the specialist-oriented private environment while MMH's specialty resources will continue to be enhanced and supplemented to maximize the quality of secondary physician coverage.

MMH will also seek to increase its linkages with private physicians through increased outreach, consultation and administrative procedures to enhance integration of its staff and community physicians. Facility enhancements will enable MMH to provide service to all patients treated by physicians on its staff by reducing the private patient's reluctance to use MMH due to its run-down facility.

This programmatic alternative is affected by the factors which affect the County Health Plan as well as the existing medical staff's practice patterns. The Program Analyses on the following two pages discuss the strengths, weaknesses, opportunities and threats which are relevant to this alternative.

PROGRAM ANALYSIS

MARKET OPPORTUNITY: HEALTH PLAN POSITIONING

Strengths/Opportunities

Contra Costa County possesses a federally qualified HMO with Knox-Keene licensure - an important commodity which is expensive and difficult to obtain in today's market

The Health Plan currently pays MMH 66% of charges for all acute care for MIAs. It also pays 66% for Medi-Cal patients

Through the clinics, the Health Plan is offering better quality and access to care than found in many counties for MIAs and Medi-Cal patients who are experiencing decreased access to mainstream MDs

The Health Plan has the potential to be a critical resource in marketing efforts to key groups

Marketplace/Competition

The fastest growing segments of HMO enrollment are IPAs and other structures similar to private physician care - the Health Plan cannot offer this structure or appearance at this time.

With already high levels of HMO penetration in the market area, the Health Plan is forced to either go after less desirable markets which competitors have overlooked or elected not to pursue, or attempt to attract patients from other plans and increase market share - this is difficult in any case, even between plans with similar resources

Weaknesses/Threats

The Health Plan's reliance on the less popular clinic structure, as opposed to a network of private physicians, for care of both indigent and private patient groups essentially makes it noncompetitive except to those who cannot afford to purchase other kinds of care, or for those for whom there are substantial economic incentives to use the Plan

The negative image of MMH and its poor facility hampers the ability of the Plan to compete unless it contracts with other acute care providers

PROGRAM ANALYSIS

MARKET OPPORTUNITY: PHYSICIAN PRACTICE PATTERNS

Strengths/Opportunities

The family practice residency program has a high quality reputation and serves both as a source of practitioners for indigent care and as a vehicle to attract faculty participation from local physicians who might not otherwise consider the "County"

The relatively homogenous staff discourages political infighting and fragmentation which currently impairs the ability of many community hospitals to act quickly on market opportunities

The financial structure of physician payment, combined with the traditional medical staff privilege process enables MMH to more aggressively screen for quality among applicants to practice at MMH

The family practice program de-emphasizes technological solutions, resulting in lower utilization levels and more cost effective care for indigents and Health Plan purposes

Weaknesses/Threats

Reliance on the clinic structure and residency program for essentially all physician care limits ability to attract patients who have economic or physical access to "mainstream" physician community

Low levels of Board Certified/Eligible specialists in fundamental areas limits MMH's ability to develop sophisticated programs attractive to desirable population segments

Administrative barriers discourage community physicians from practicing at MMH - MMH does not function as a community hospital

Current efforts by Administration to strengthen specialty representation may lead to conflict with the family practice program and the philosophies of the existing staff - this stress could hamper ability to act or develop new programs

Faculty members with private practices do not admit those patients to MMH - this demonstrates extent of negative image, which must be overcome to attract patients

Marketplace/Competition

Competing hospitals are increasingly focusing on economic incentives to anchor physician loyalties. These may include joint investment ventures, aggressive referral efforts and other formal and informal programs. MMH has limited legal options for doing this, as well as few attractive opportunities to offer.

The overall physician community is experiencing substantial turmoil and stress in the face of industry changes. This turbulence increases opportunities for MMH to alter practice patterns and loyalties through addressing physicians' concerns.

To enhance the private practice opportunities for MMH's current medical staff and increase linkage with private physicians, the following specific strategies will be utilized:

- Increase interaction with private sector physicians through linkages with specialty programs, e.g., gero-psychiatric assessment, AIDS, Medi-Cal obstetrics, graduate medical education and continuing education
- Analyze the feasibility of streamlining administrative procedures enabling community physicians to refer patients to MMH
- Evaluate appropriate sites and timing for developing supplemental clinic sites and/or schedules in Richmond and other locations to provide for private patient care
- Continue monitoring the need for access to physician specialists and ensure MMH offers a full and appropriate complement of resources consistent with programmatic and service commitments

SCENARIOS FOR MERRITHEW MEMORIAL HOSPITAL

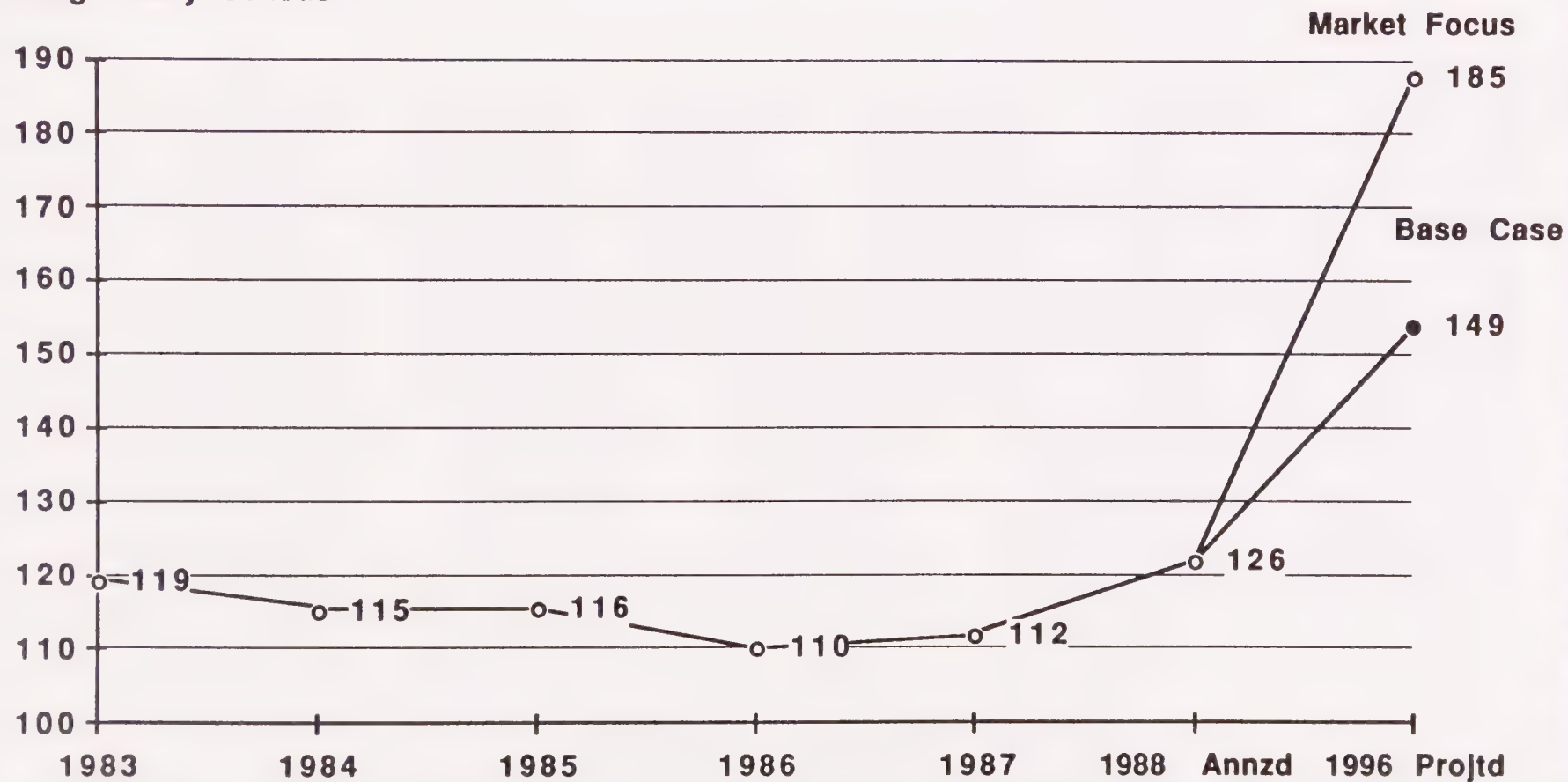
For purposes of discussion and financial analysis, three possible scenarios were developed for Merrithew Memorial Hospital. The patient day and market share implications of these scenarios are presented in Exhibits 12, 13, 14, 15 and 16 on the following pages.

- **Base Case** - No major replacement is attempted and continued use is made of deteriorating plant. This alternative most likely will lead to continuing loss of market share in Medicare and Medi-Cal population segments, resulting in services being provided almost exclusively to indigents, unless physician access issues act to compensate for the physical plant.
- **Replacement Only** - The facility is replaced but no major market and programmatic development is undertaken. This alternative would allow stabilization of market share and continuation in the future at current levels, resulting in services being provided primarily to indigents and Medi-Cal patients.
- **Replacement and Market Focus** - The facility is replaced in conjunction with major programmatic and product focus, development and promotion as outlined in the previous pages. This alternative should result in increased market shares in Medicare and Medi-Cal, and increased Health Plan enrollment while allowing continued provision of care for indigents.

Financial analysis was performed for the "Do Nothing (Status Quo)" and "Replacement and Market Focus" scenarios.

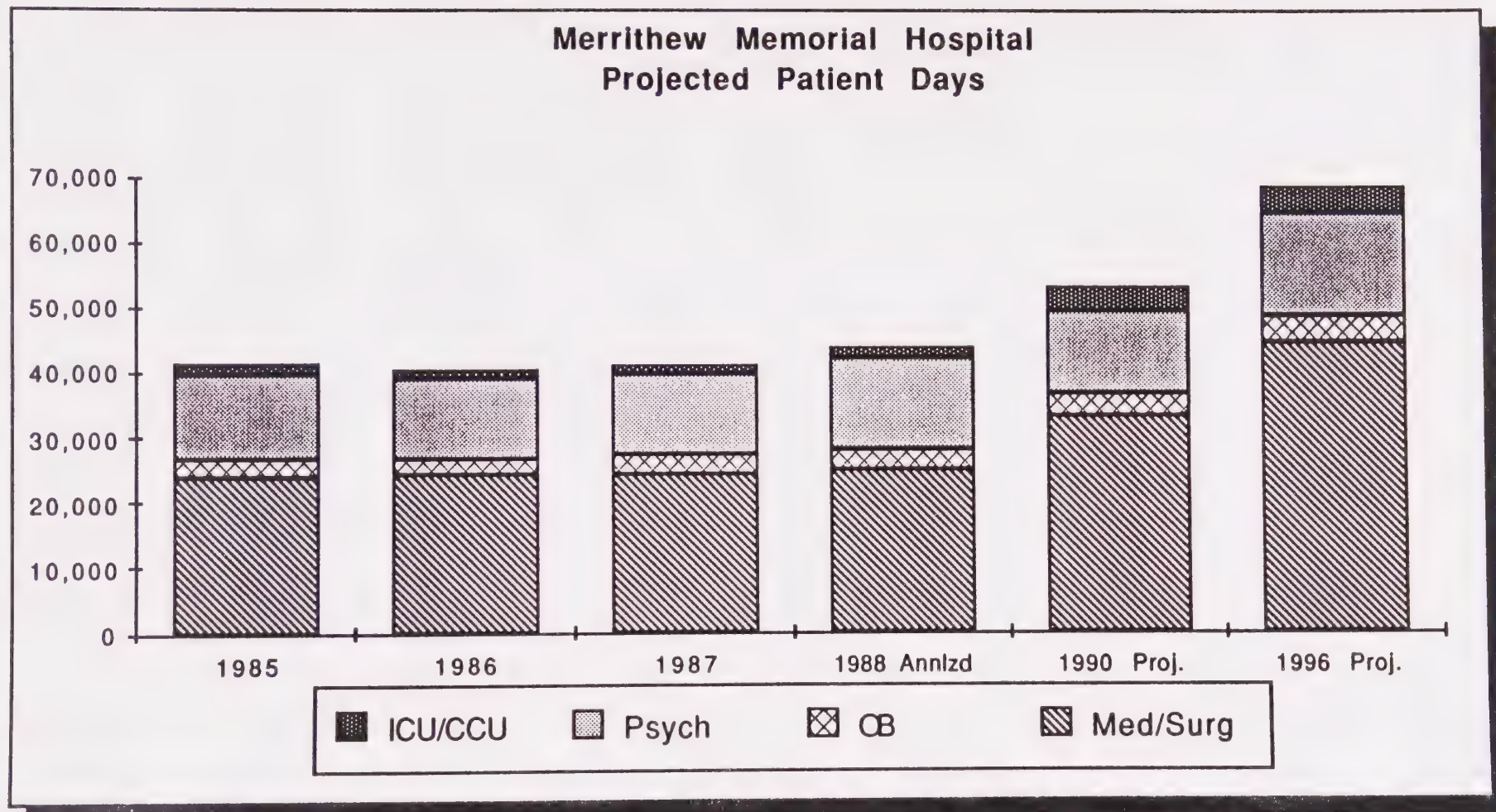
Merrithew Memorial Hospital Projected Utilization Options

Average Daily Census



Average Daily Census

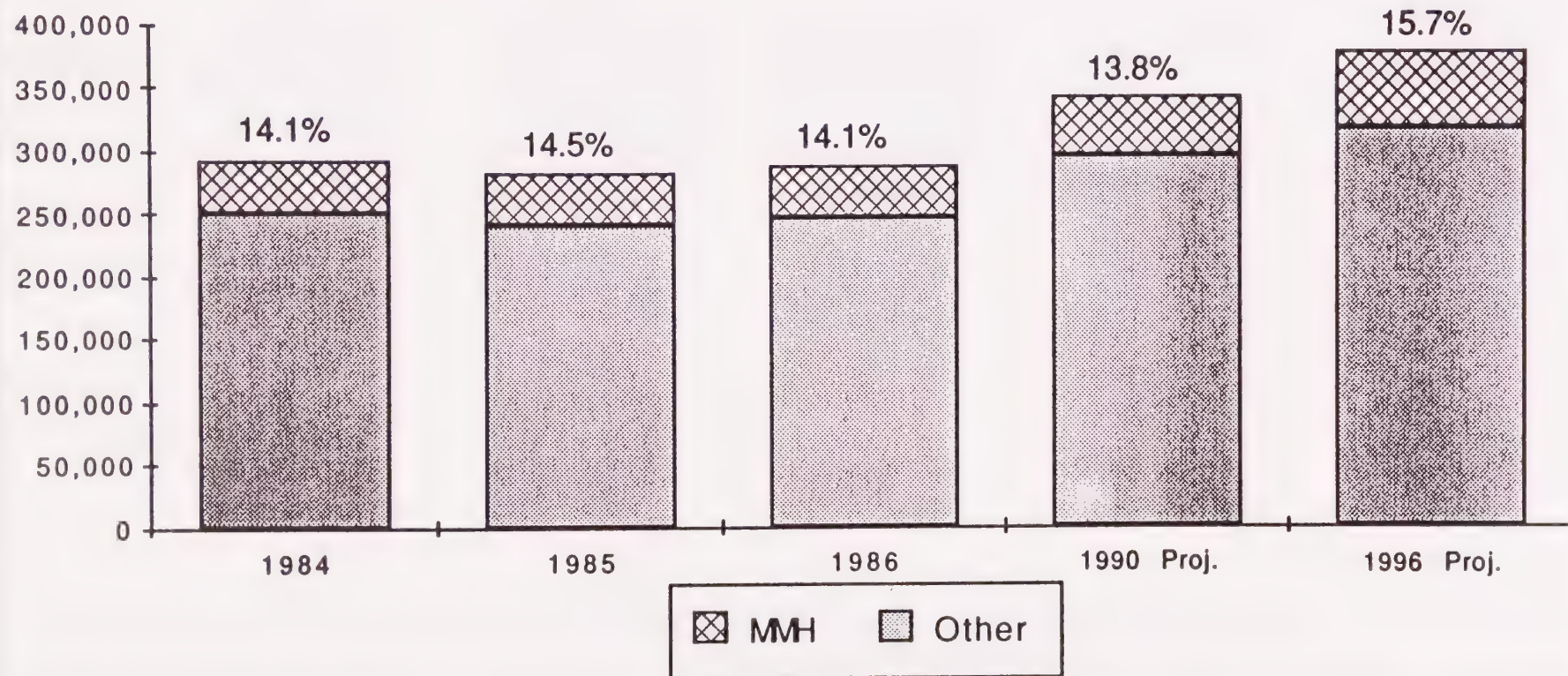
11.30



Assumes Market Focus Option

II.31

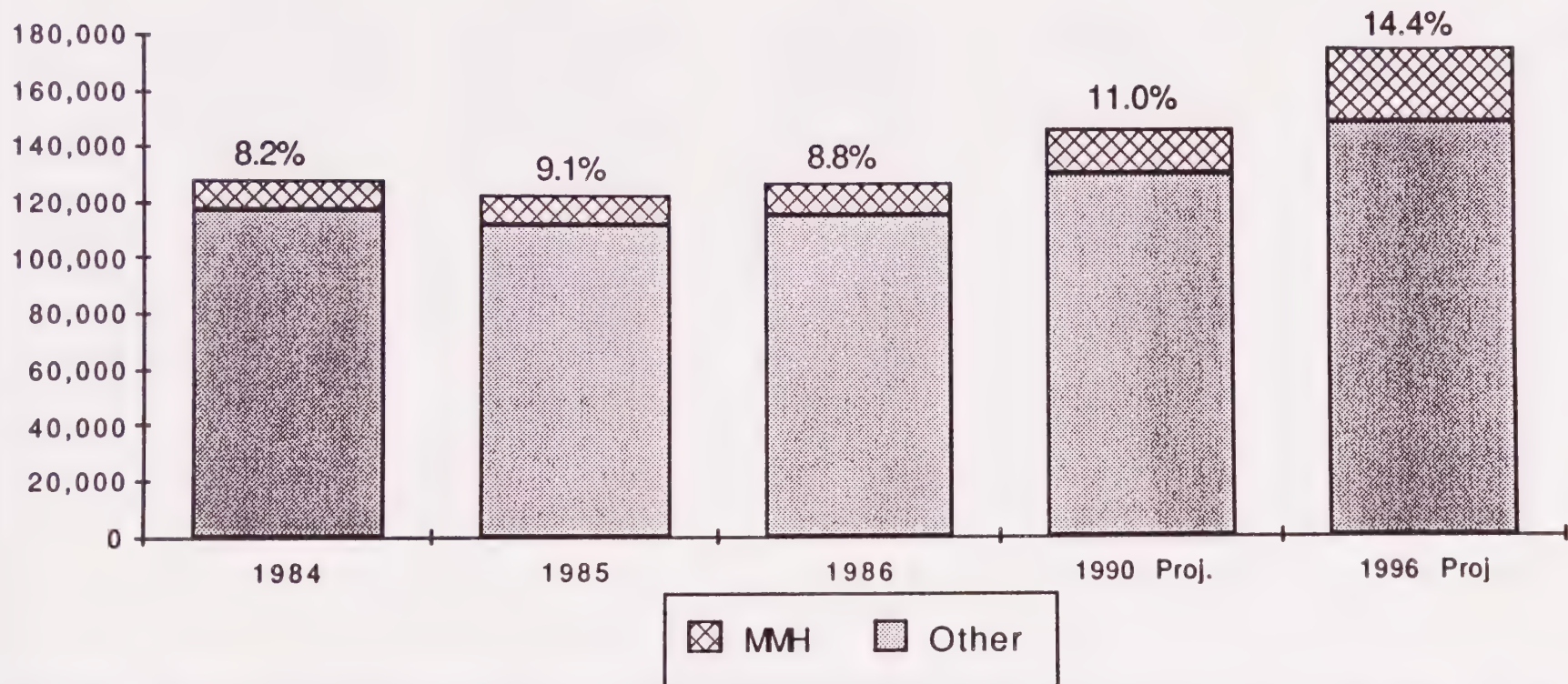
Contra Costa County Projected Total Patient Days



Assumes Market Focus Option; Excludes day increases due to AIDS

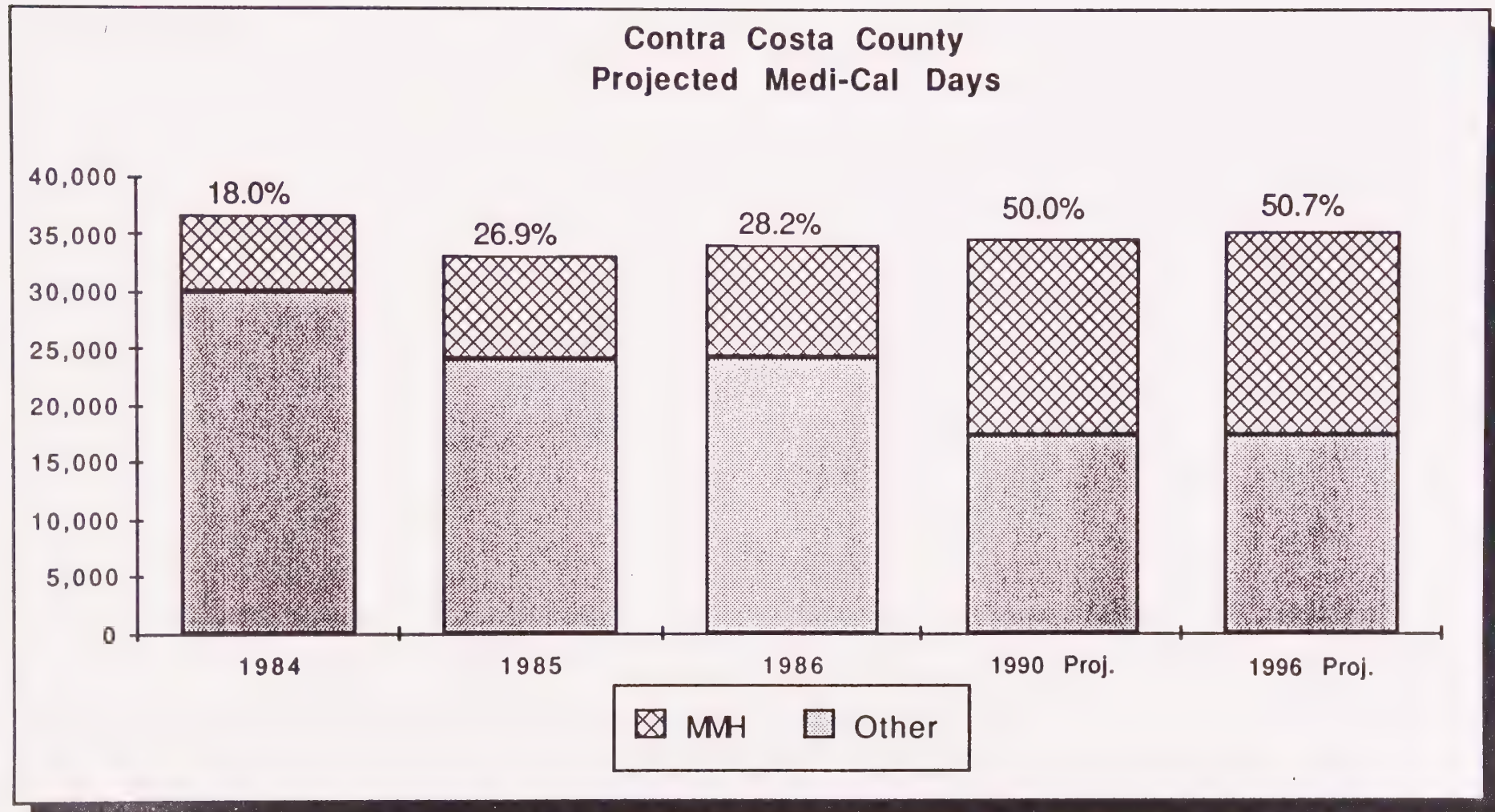
Contra Costa County Projected Medicare Patient Days

II.32



Assumes Market Focus Option

II.33



Assumes Market Focus Option; Excludes increases due to AIDS

III. ARCHITECTURAL PLANNING

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

TABLE OF CONTENTS

INTRODUCTION.....	III.1
--------------------------	--------------

DEPARTMENTAL FUNCTIONAL AND SPACE PROGRAMMING

Introduction and Highlights.....	III.2
---	--------------

Summary Tables.....	III.3
----------------------------	--------------

Administration

Education & Training.....	III.6
Hospital Administration.....	III.8
Library.....	III.11
Medical Education.....	III.12
Registration.....	III.13
U. R. / Risk Management.....	III.16
Volunteers.....	III.18

Diagnostic & Therapeutic Services

Cardiopulmonary.....	III.20
Laboratory.....	III.23
Pharmacy.....	III.25
Radiology.....	III.27
Rehabilitation Therapies	III.32
Surgery.....	III.35

Inpatient Services

Critical Care.....	III.38
Detention.....	III.40
Gero-psychiatric.....	III.41
Medical/Surgical	III.44
Perinatal.....	III.47
Rehabilitation.....	III.50

Mental Health Services

Crisis Unit.....	III.52
Psychiatric Inpatient.....	III.55

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

TABLE OF CONTENTS (continued)

Outpatient Services

Emergency.....	III.57
Family Practice.....	III.60
Outpatient.....	III.63
Symptom Control.....	III.66

Support Services

Biomedical Electronics.....	III.68
Building & Grounds.....	III.70
CSR/Stores.....	III.72
Chaplain.....	III.76
Environmental Services.....	III.78
Food Services.....	III.80
Medical Records.....	III.82
Security.....	III.85
Social Services.....	III.86

FACILITY PLANNING

Introduction to Facility Planning.....	III.88
Development Objectives.....	III.89
Site Development Analysis.....	III.90
Development Recommendations	
Existing Site Plan.....	III.93
Recommended Site Plan.....	III.94
Planning Assumptions.....	III.95
Site Circulation and Access.....	III.95
Parking.....	III.96
Building Organization.....	III.98
Future Plan.....	III.100
Recommended First Floor Plan.....	III.101
Recommended Second Floor Plan.....	III.102
Recommended Third Floor Plan.....	III.103
Recommended Fourth Floor Plan.....	III.104
Recommended Fifth Floor Plan.....	III.105
Recommended Sixth Floor Plan.....	III.106
Implementation and Project Schedule.....	III.107

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

INTRODUCTION

INVOLVEMENT IN THE PROCESS

County involvement and participation in the development of the Master Plan included meetings with managers of individual hospital departments and a series of separate working sessions with the Steering Committee.

The departmental managers provided significant and critical information. The managers helped describe the current facility problems of their departments, as well as their perceived future requirements. SMP developed a report for each department, which documented the current problems and included a statement of current and future functional and space requirements. This report was reviewed in detail by the departments and modified, as appropriate. The completed reports are included in this section of the report.

The Steering Committee reviewed and critiqued the functional and space programming, but its most important role was in guiding the facility planning. The Steering Committee evaluated different facility development strategies and guided the development of the eventual option.

After this introduction, there are two sections which describe and support the Master Plan. A "Departmental Functional and Space Programming" section describes the current situation of the individual hospital departments, as well as documenting their current and future functional and space requirements. A Facility Planning section contains an analysis of the existing site, describes the overall development objectives, describes the resultant facility plan for replacement of the existing facilities, and details a potential development schedule.

INTRODUCTION AND HIGHLIGHTS TO FUNCTIONAL AND SPACE PROGRAMMING

The functional and space requirements of Merrithew Memorial Hospital departments were analyzed to identify both current needs and deficiencies, as well as to project requirements to meet future demand. This analysis was conducted by SMP and was based on their experience, direct observations, interviews with departments and data review. The projections of space requirements were also based on workload projections prepared by Arthur Young. The departments were extensively involved in this process. The departments completed extensive questionnaires, participated in interviews, reviewed drafts of reports and approved the final report for their department. These detailed reports are included after this introduction.

Highlights of the functional and space programming are noted below. Following these is a summary of current and recommended inpatient beds and a summary of space allocations.

- o The hospital is significantly short of space to meet current needs. Virtually every department in the hospital has a significant space shortage.
- o This problem of space shortages is particularly severe in the nursing units. The Medical/Surgical Nursing Units and the Perinatal Nursing Unit have less than half of the space they require. Critical Care has less than a third of the space it requires.
- o The nursing units are not configured to promote staff efficiency or to promote quality care.
- o The nursing units are significantly lacking in patient amenities.
- o The nursing units are significantly lacking in staff support areas.
- o Among the diagnostic and therapeutic departments, Cardiopulmonary, Pharmacy, Radiology and Surgery have the most significant space shortages.
- o Each of the outpatient programs has a significant space shortage; Emergency has less than a third of the space it requires.
- o A variety of administrative and support departments have severe space shortages, e.g. Hospital Administration, Registration, U.R./Risk Management, Volunteers and Medical Records.
- o A number of departments are fragmented into separate locations, causing staff inefficiencies. Examples include CSR/Stores, Cardiopulmonary, Radiology, Pharmacy, Registration, Surgery, Food Services and Medical Records.
- o A number of departments, aside from the nursing units, suffer from a very poor configuration of space. These include: Registration, U.R./Risk Management, Volunteers, Cardiopulmonary, Pharmacy, Radiology, Rehabilitation Therapies, Surgery, Crisis Unit, Emergency, Outpatient, CSR/Stores, Environmental Services, Food Services and Medical Records.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SUMMARY TABLES

**CURRENT AND RECOMMENDED
INPATIENT BEDS**

	Current Licensed <u>Beds</u>	Recommended <u>Beds</u>
Service		
Critical Care	6	16
Gero-Psychiatric	8	12
Medical Surgical (incl. Detention)	102	114
Perinatal	14	17
Psychiatric	40	58
Rehabilitation	<u>21</u>	<u>10</u>
Total	191	227

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN

SUMMARY TABLES

DEPARTMENTAL SPACE ALLOCATIONS (SQUARE FEET)

<u>Department</u>	<u>Existing</u>	<u>Recommended</u> <u>1988</u>	<u>Recommended</u> <u>1994</u>
ADMINISTRATION			
Education & Training.....	1,370.....	2,030.....	2,270.....
Hospital Administration.....	2,680.....	5,400.....	5,590.....
Library.....	1,020.....	1,500.....	1,500.....
Medical Education.....	380.....	1,000.....	1,000.....
Registration.....	3,120.....	4,420.....	4,500.....
U. R. / Risk Management.....	680.....	1,680.....	1,780.....
Volunteers.....	590.....	1,790.....	1,790.....
SUBTOTAL.....	9,840.....	17,820.....	18,430.....
DIAGNOSTIC & THERAPEUTIC SERVICES			
Cardiopulmonary.....	1,890.....	3,340.....	3,500.....
Laboratory.....	3,940.....	5,525.....	7,150.....
Pharmacy.....	1,960.....	3,300.....	4,200.....
Radiology.....	3,040.....	9,800.....	9,800.....
Rehabilitation Therapies	7,210.....	5,540.....	5,800.....
Surgery.....	4,190.....	8,400.....	10,800.....
SUBTOTAL.....	22,230.....	35,905.....	41,250.....
INPATIENT SERVICES			
Critical Care.....	990.....	3,600.....	9,600.....
Detention.....	N/A.....	N/A.....	N/A.....
Gero-psychiatric.....	2,860.....	4,000.....	6,000.....
Medical/Surgical	16,400.....	38,250.....	42,750.....
Perinatal.....	5,470.....	11,535.....	14,000.....
Rehabilitation.....	5,070.....	10,500.....	5,000.....
SUBTOTAL.....	30,790.....	67,885.....	77,350.....
MENTAL HEALTH SERVICES			
Crisis Unit.....	2,100.....	3,480.....	3,480.....
Psychiatric inpatient.....	12,850.....	16,000.....	23,200.....
SUBTOTAL.....	14,950.....	19,480.....	26,680.....

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SUMMARY TABLES

DEPARTMENTAL SPACE ALLOCATIONS (SQUARE FEET)

<u>Department</u>	<u>Existing</u>	<u>Recommended</u> <u>1988</u>	<u>Recommended</u> <u>1994</u>
OUTPATIENT SERVICES			
Emergency.....	1,680.....	6,600.....	7,600.....
Family Practice.....	6,950.....	9,000.....	9,800.....
Outpatient.....	3,800.....	6,800.....	6,800.....
Symptom Control.....	310.....	870.....	870.....
SUBTOTAL.....	12,740.....	23,270.....	25,070.....
SUPPORT SERVICES			
Biomedical Electronics.....	490.....	650.....	780.....
Building & Grounds.....	4,970.....	5,000.....	5,000.....
CSR/Stores.....	10,490.....	11,720.....	11,720.....
Chaplain	260.....	620.....	770.....
Environmental Services.....	3,740.....	2,740.....	2,740.....
Food Services.....	10,180.....	9,460.....	10,725.....
Medical Records.....	3,200.....	5,780.....	6,080.....
Security.....	110.....	150.....	150.....
Social Services.....	380.....	750.....	750.....
SUBTOTAL.....	33,820.....	36,900.....	38,715.....
TOTAL HOSPITAL DEPARTMENTAL GROSS SQUARE FEET.....			
	124,370.....	201,260.....	227,495.....
NON-HOSPITAL SERVICES			
Eligibility (a).....	1,900.....	2,000.....	2,000.....
Geriatrics (a).....	573.....	600.....	600.....
Mental Health Advocacy (a).....	512.....	600.....	600.....

Notes: (a) Not interviewed; present size continued at Contra Costa direction.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

EDUCATION & TRAINING

EXISTING CONDITIONS

Programs and Services

- o The department is responsible for inservice and continuing education for hospital staff. Because of limited resources, the department focuses on nursing education.

Current Facilities

- o The department is located on the second floor of E Ward.

Facility Deficiencies

- o The department is distant from the medical library.
- o There is inadequate office space.
- o There are two classrooms, but neither is large enough for some groups.
- o The classrooms have poor acoustics.
- o The department's location next to the crisis unit is inappropriate.
- o There is an overall lack of storage and there is no secure storage.
- o The department lacks air conditioning.

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	0	1
Instructor	2	3
Secretary	1	1
	<hr/>	<hr/>
TOTAL	3	5

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

EDUCATION & TRAINING

PLANNING GUIDELINES

Relationships

- o The department should be near the cafeteria, in order to share large conference spaces.
- o The department should be near the medical library.

SPACE LISTING

The department currently has 1,370 gsf. We recommend current and planned allocation below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Director	120	0	0	1	120
Secretary	80	1	80	1	80
Instructor	80	2	160	3	240
Classroom (a)	25	50	750	50	750
Self Study	250	1	250	1	250
AV Storage	200	1	200	1	200
Storage/Copy	100	1	100	1	100
Conference	150	1	150	1	150
Total NSF			1,690		1,890
Net to Gross Conversion Factor (b)			1.2		1.2
Total Departmental Space (rounded)			2,030		2,270

- Note:**
- (a) A larger area could be shared with Dining. This classroom should be subdividable and should be dedicated to Education and Training.
 - (b) The net to gross conversion factor increases the departmental space to allow for circulation and interior partitions. The conversion factor will vary from department to department, depending on the character and complexity of the department.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

HOSPITAL ADMINISTRATION

EXISTING CONDITIONS

Programs and Services

- o The department is responsible for overall policy, as well as daily operations. It consists of senior management personnel, medical staff administration, nursing administration and their support staff.

Current Facilities

- o The department is located in modular office buildings to the south of the main entrance.

Facility Deficiencies

- o The department is removed from the main hospital.
- o There is inadequate private office space, especially for the medical staff. Clerical and support space is also severely limited.
- o There are no dedicated conference spaces in the department.
- o There are no bathrooms within the modular building. Staff must use the facilities in the main lobby.
- o The department lacks adequate storage space.
- o There is no waiting/reception space.
- o The medical staff mailbox is distant from the department.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

HOSPITAL ADMINISTRATION

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
Executive Director	1	1
Associate Executive Director	1	1
Assistant Administrator	2	3
Director of Nursing	1	1
Staffing Coordinator	1	1
House Supervisors	3	3
Secretaries	2	2
Clerical	6	6
Medical Director	1	1
Med. Staff Affairs	1	1
Service Chairs	4	4
Comm. Chairs	5	5
	<hr/>	<hr/>
TOTAL	28	29

- o Certain administrative staff are programmed with other departments. These include: a Patient Ombudsman with Admitting; an Infection Control Nurse with Laboratory; a Quality Assurance Coordinator with Utilization Review; and nursing managers with their respective units.

PLANNING GUIDELINES

Relationships

- o The department should be centrally located.
- o The department should be near Medical Records and Utilization Review.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

HOSPITAL ADMINISTRATION

SPACE LISTING

The department currently has 2,680 gsf. Recommended allocations are given below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Administration					
Executive Director	300	1	300	1	300
Senior Management	200	1	200	1	200
Middle Management	150	3	450	4	600
Secretary	100	1	100	1	100
House Supervisors	200	1	200	1	200
Nurse Staffing Coordinator (a)	100	1	100	1	100
Medical Staff					
Medical Director	200	1	200	1	200
Medical Staff Affairs Cood.	150	1	150	1	150
Service Chairs	80	4	320	4	320
Comm. Chair Work Area	200	1	200	1	200
Medical Lounge	300	1	300	1	300
Shared Support					
Clerical	80	6	480	6	480
Secretary/Reception	200	1	200	1	200
Files/Storage	300	1	300	1	300
Conference	300	1	300	1	300
Work Room	150	1	150	1	150
Break/Nourishment	200	1	200	1	200
Total NSF			4,150		4,300
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			5,400		5,590

Note: (a) Office space for clinical nursing staff is allowed for in the respective nursing units.

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

DEGNAN MEDICAL LIBRARY

EXISTING CONDITIONS

Programs and Services

- o The department serves as an educational resource for hospital staff, primarily medical staff and residents. The department maintains journals and literature on site. It also provides search services and participates in interlibrary loan services.

Current Facilities

- o The department is located in the Family Practice Building at the northern end of the campus.

Facility Deficiencies

- o The department is distant from the main hospital facilities.
- o There is inadequate shelving space.
- o Because of a lack of conference spaces, the library is often used for conferences; thus disrupting the normal use of the study areas.

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	1	1
TOTAL	<u>1</u>	<u>1</u>

PLANNING GUIDELINES

Relationships

- o The department should be centrally located.
- o The department should be near Education & Training.

SPACE LISTING

The department currently has 1,020 gsf. An allocation of 1500 gsf should be adequate for its needs.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL EDUCATION

EXISTING CONDITIONS

Programs and Services

- o The department serves as a resource for residents serving and studying at the hospital.

Current Facilities

- o There are sleeping quarters in a trailer to the north of B Ward.

Facility Deficiencies

- o The department is removed from the main hospital facilities.
- o There is no resident study area.

PLANNING GUIDELINES

Relationships

- o The department should be centrally located.

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 380 gsf. An allocation of 1000 gsf should be adequate for its needs. This would allow for the development of a study area and four sleeping quarters, one pair for females and one pair for males.

REGISTRATION

EXISTING CONDITIONS

Programs and Services

- o The department is responsible for the registration of all inpatients, outpatients and emergency room patients. The department verifies insurance, performs financial counseling and pursues Medi-Cal follow-up. The department is also responsible for the cashier and the telephone system.

Current Facilities

- o The department has three locations. The majority of the department is within or just off of the main lobby. The director and the financial counselors are located at the north end of the Administration Wing. There are also some registration personnel in the Family Practice Building.

Facility Deficiencies

- o The department is split into three locations.
- o The main department is located directly within the main lobby, compromising privacy and security for registration functions and limiting lobby functions.
- o There is inadequate private office space for the financial counselors.
- o Clerical and support space is also severely limited, especially in the telephone/cashier area.
- o The department lacks adequate storage space.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REGISTRATION

FUNCTIONAL ANALYSIS

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Manager	1	1
Supervisor	3	3
Secretary	1	1
Outpatient Clerks	11	11
Cashier/Telephone	1	2
Emergency Clerks	4	4
Fin. Counselors	8	8
Inpatient Clerks	2	2
	—	—
TOTAL	31	32

PLANNING GUIDELINES

Relationships

- o Ideally the department should be centralized, with the exception of the emergency registration which could be integrated with the emergency room.
- o As a fourth option, the department could have three locations: Emergency; Outpatient and Family Practice; and the main department (administration, financial counseling and inpatient) near the central lobby.
- o The telephone/cashier function should be placed with the emergency function to allow for off-hours coverage.
- o The department has a close relationship with Medical Records and utilization review.
- o A large number of pharmacy patients access the cashier.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REGISTRATION

SPACE LISTING

The department currently has 3,120 gsf. We recommend current and future allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
MAIN DEPARTMENT					
Director	120	1	120	1	120
Supervisor (Inp. & Fin.)	100	2	200	2	200
Inpatient Booths	60	2	120	3	180
PBX	150	1	150	1	150
Financial Counselor	80	8	640	8	640
Cashier	250	1	250	1	250
Central Work	200	1	200	1	200
Files/Storage	100	1	100	1	100
Break/Conference	100	1	100	1	100
Waiting	400	1	400	1	400
Patient Ombudsman	120	1	120	1	120
Total NSF			2,400		2,460
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			3,120		3,200
OUTPATIENT					
Supervisor	100	1	100	1	100
Booths	60	4	240	4	240
Central Work	200	1	200	1	200
Files/Storage	100	1	100	1	100
Total NSF			640		640
Net to Gross Conversion Factor			1.4		1.4
Total Departmental Space (rounded)			900		900
Family Practice Registration			400		400
TOTAL DEPARTMENTAL SPACE			4,420		4,500

Note: Emergency Registration is programmed with the Emergency Department.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

U.R./RISK MANAGEMENT

EXISTING CONDITIONS

Programs and Services

- o For purposes of this report we are treating three departments (Utilization Review, Quality Assurance and Risk Management) as one. Utilization Review is responsible for inpatient review, Medi-Cal treatment authorizations and all payor prior authorizations. The department also staffs relevant medical staff committees. Risk Management is responsible for processing and investigating all lawsuits and all potentially actionable events. It also serves as staff to relevant medical staff committees. Quality Assurance is responsible for all mandated quality assurance activities.

Current Facilities

- o Both departments are located at the north end of the Administration Wing.

Facility Deficiencies

- o The Supervisor and the UR physician lack private offices. They share one small office.
- o The office for the risk manager is small and cramped.
- o There is inadequate clerical and support space.
- o There is an overall lack of storage and there is no secure storage.

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
U.R. Supervisor	2	1
U.R. Physician	1	1
Risk Manager	1	1
Q.A. Coordinator	1	1
U.R. Coordinators	3	4
U.R. Clerks	4	6
	<hr/>	<hr/>
TOTAL	12	14

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

U.R./RISK MANAGEMENT

PLANNING GUIDELINES

Relationships

- o The department should be near Medical Records. Secondly, it should be near the inpatient units, hospital administration and the physician mailboxes.

SPACE LISTING

The department currently has 680 gsf. Recommended allocations are given below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
U.R. Supervisor	120	2	240	1	120
U.R. Physician	120	1	120	1	120
U.R. Coordinator	80	3	240	4	320
U.R. Clerks	60	4	240	6	360
Risk Manager	100	1	100	1	100
Q.A. Coordinator	100	1	100	1	100
Storage/Files	100	1	100	1	100
Secretary/Reception	150	1	150	1	150
Total NSF			1,290		1,370
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			1,680		1,780

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

VOLUNTEERS

EXISTING CONDITIONS

Programs and Services

- o The department is responsible for three activities. First, it is responsible for a gift shop. Second, it is responsible for the coordination and development of all volunteer activities. Third, it has a role in public affairs and the development of community support for the hospital.

Current Facilities

- o The department has two locations. The gift shop is located in the main lobby. The directors office and the volunteer activity area is located in the G Ward basement.

Facility Deficiencies

- o The department is split into two locations distant from each other.
- o The gift shop is too small.
- o The gift shop is not secure.
- o There is inadequate proximate storage space for the gift shop.
- o There is no private, separate space for the volunteers. Their space is an open area between Medical Records storage and CSR/Stores.
- o The director does not have a private office.
- o The G Ward basement is very congested and noisy.

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	1	1
	<u>—</u>	<u>—</u>
TOTAL	1	1

VOLUNTEERS

PLANNING GUIDELINES

Relationships

- o The two sections of the department should be relatively close to each other, but need not be contiguous.
- o The gift shop should be in the main lobby.
- o The rest of the department should be near a parking lot, for volunteer access.

SPACE LISTING

The department currently has 590 gsf. The recommended allocations are given below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Director	120	1	120	1	120
Reception	100	1	100	1	100
Volunteer Lounge/Lockers	250	1	250	1	250
Work Room	150	1	150	1	150
Storage	100	1	100	1	100
Book Storage	100	1	100	1	100
Total NSF			820		820
Net To Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			1,070		1,070
 Gift Shop	 400	 1	 400	 1	 400
Storage/Work Room	200	1	200	1	200
 Total NSF			 600		 600
Net To Gross Conversion Factor			1.2		1.2
Total Departmental Space (rounded)			720		720
 TOTAL DEPARTMENTAL SPACE			 1,790		 1,790

CARDIOPULMONARY

EXISTING CONDITIONS

Programs and Services

- o The department has responsibility for:
 - Respiratory Therapy,
 - Pulmonary Function,
 - EEG,
 - EKG,
 - Evoked Potentials.
- o The department would also like to develop further use of ultrasound equipment, specifically 2 dimensional Doppler. The department would also like to develop a pulmonary rehabilitation program.

Current Facilities

- o The main department is located in a trailer at the southeast edge of the campus. The respiratory therapy area is located on the ground floor of E Ward. A storage area is next to the dietary offices.

Facility Deficiencies

- o The department is divided into three locations.
- o The main department is distant from the inpatient units.
- o The main department is within a separate building from the hospital, which causes problems for staff and patients during inclement weather. It also makes the transport of delicate equipment problematic.
- o There are no bathrooms within the main department, which causes problems for staff who perform certain tests.
- o There are no sinks in the main department, which makes it difficult to clean equipment.
- o There is no physician reading area.
- o The EEG room is not soundproof.
- o There are too few procedure rooms.

CARDIOPULMONARY

FUNCTIONAL ANALYSIS

Operational Policies and Procedures

- o The respiratory therapy equipment is currently cleaned by central supply. The department would like to take over this activity, but it lacks the appropriate space.

PLANNING GUIDELINES

Relationships

- o Ideally, the department should be centralized in one location. The department should be near Critical Care and Emergency. It should also have easy outpatient access.
- o As a second option, the department could be split into two locations, with the respiratory therapy area close to Critical Care and Emergency, and with the main department relatively near Emergency and Critical Care and with good outpatient access.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CARDIOPULMONARY

SPACE LISTING

The department currently has 1,890 gsf. We recommend current and future allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Main Department					
Manager	100	1	100	1	100
Supervisor	80	1	80	1	80
Pulmonary Rehabilitation	200	1	200	1	200
Major Procedure Rooms (Stress)	200	2	400	2	400
Minor Procedure Rooms (EKG/EEG)	120	1	120	2	240
Toilet	50	1	50	1	50
Consultation/Conference	150	1	150	1	150
Secretary/Reception	150	1	150	1	150
Physician Reading	100	1	100	1	100
Technical Charting	150	1	150	1	150
Storage	100	1	100	1	100
Total NSF			1,600		1,720
Net to Gross Conversion Factor			1.3		1.3
Subtotal Departmental Space (rounded)			2,080		2,240
Respiratory Therapy					
R.T. Work Area/Storage/Cleaning	650	1	650	1	650
Consultation/Charting	100	1	100	1	100
Minor Procedure Rooms	120	1	120	1	120
Reception	100	1	100	1	100
Total NSF			970		970
Net to Gross Conversion Factor			1.3		1.3
Subtotal Departmental Space (rounded)			1,260		1,260
TOTAL DEPARTMENTAL SPACE			3,340		3,500

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

LABORATORY

EXISTING CONDITIONS

Programs and Services

- o The department functions as a standard hospital laboratory. Approximately half of the total volume is outpatient work. Only 5% to 10% of the work is sent out to reference laboratories.

Current Facilities

- o The department is located on the ground floor of E Ward.

Facility Deficiencies

- o The patient waiting area is too small and there is no bed or toilet.
- o There is only one phlebotomy chair.
- o There is insufficient storage space within the department, especially for lab reports and hazardous waste.
- o There are no bathrooms for employees within the main department.
- o There are insufficient private offices, specifically for the pathologists, chief technician and the supervisor.
- o There is no separate conference or lounge area. An open area of the lab has been designated as a lounge.
- o The specimen accessioning and processing area is too small.
- o There is inadequate venting in the specimen storage area.
- o The pathology area is too small, especially the cytotechnician work area.
- o There is inadequate body space in the morgue.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

LABORATORY

PLANNING GUIDELINES

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Pathologists	2	2
Chief Technician	1	1
Supervisor	1	1
Lab. Technicians	10	14
Clerks	4	5
Lab Assistants	2	2
Medical Transcriber	1	1
Histotechnician	1	1
Cytotechnicians	2	3
Morgue Attendant	1	1
	—	—
TOTAL	25	31

Staffing increases are based on an expected increase in workload by 1994 of 17% in Pathology and 37% in Laboratory.

Relationships

- o Primary relationships for the department are (in order of importance):

Emergency,
Surgery,
Critical Care.

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 3,940 gsf. There are currently 17 peak shift pathologists/-technicians. We allow 325 gsf per peak shift pathologist/technician. Thus, we would recommend a current allocation of 5,525 gsf.
- o Peak shift pathologist/technicians are expected to increase to 22. This would yield a future allocation of 7,150 gsf.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PHARMACY

EXISTING CONDITIONS

Programs and Services

- o The department functions as a standard hospital pharmacy, but with a major outpatient program. It also has an IV admixture program and it performs pharmaceutical ordering for a variety of off-site county health functions.

Current Facilities

- o The department has four locations: the main department, which is just off of the main lobby; two separate spaces on A Ward; IV solution and forms storage in the Warehouse; and general storage in the basement of G Ward.

Facility Deficiencies

- o The separation into four separate areas is inefficient. Though, the department would accept storage for IV solutions and forms out of department.
- o There is inadequate office space, as the assistant director lacks an office.
- o There is no break or conference area.
- o The department has a severe space shortage, especially for compounding and storage.
- o The department suffers from inadequate security.

PLANNING GUIDELINES

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	1	1
Assistant Director	1	1
Pharmacists	5	7
Phar. Technicians	4	5
Clerks	3	4
	<hr/>	<hr/>
TOTAL	14	18

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PHARMACY

Relationships

- o The department would like to be centralized in one location, with the possible exception of IV solution and forms storage.
- o Primary relationships for the department are (in order of importance):

Acute Care units,
Surgery,
Emergency,
Non-Acute Care units,
Outpatient Clinics.

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 1,960 gsf. We recommend an allocation of 300 gsf per pharmacist/technician. Thus, the 11 current pharmacist/technicians would yield an allocation of 3,300 gsf and the projected staffing of 14 pharmacists/technicians would yield 4,200 gsf.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

RADIOLOGY

EXISTING CONDITIONS

Programs and Services

- o The department offers the following services:
 - General Radiography,
 - Fluoroscopy,
 - Mammography,
 - Ultrasound,
 - Tomography,
 - Computed Tomography,
 - Special Procedures.
- o The department would like to offer MRI and Nuclear Medicine.
- o The department will develop a residency program, which will require additional space.

Current Facilities

- o The department has three locations: the main department, which is across from B Ward; an administrative trailer to the south of the department; and a CT trailer also to the south of the department.

Facility Deficiencies

- o The CT equipment is located in a trailer outside of the department, causing staff inefficiencies and patient transport difficulties.
- o The ultrasound room is outside the main department.
- o There is inadequate office space, as the chief technician lacks a private office.
- o There is no break or conference area.
- o The department has insufficient file storage.
- o The department lacks an inpatient holding area.
- o The outpatient changing area is small and cramped.
- o There are no handicapped toilets.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

RADIOLOGY

- o The mammography equipment is used on a regular radiographic unit. This means that when mammograms are being done, the room cannot be used for radiography, and vice versa.
- o There is no physician consultation room.
- o There is no resident study area.
- o There is no reception area.
- o There is insufficient film reading space.

PLANNING GUIDELINES

Relationships

- o The department should be centralized in one location.
- o Primary relationships for the department are (in order of importance):

Emergency,
Surgery,
Acute Care units,
Non-Acute Care units,
Outpatient Clinics.

Design Considerations

- o The unit should be planned to allow for easy expansion and for the development of MRI.

SPACE LISTING

The department currently has 3,040 gsf. We recommend current and future allocation below.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

RADIOLOGY

Calculation of Recommended Space

	<u>1987</u>	<u>1994</u>	<u>Comments</u>
1. <u>Annual Procedures</u>			
CT Scans	1,537	1,875	22% Increase
Fluoroscopy	676	784	16% Increase
General Procedures	26,798	31,086	16% Increase
Nuclear Medicine	386	448	16% Increase
Mammography	875	1,015	16% Increase
Ultrasound	2,826	3,278	16% Increase
Special Procedures	255	296	16% Increase
2. <u>Percent Workload Done on Day Shift</u>			
CT Scans	80	80	
Fluoroscopy	100	100	
General Procedures	80	80	
Nuclear Medicine	100	100	
Mammography	100	100	
Ultrasound	100	100	
Special Procedures	100	100	
3. <u>Annual Day Shift Procedures</u>			
CT Scans	1,230	1,500	
Fluoroscopy	676	784	
General Procedures	21,438	24,869	
Nuclear Medicine	386	448	
Mammography	875	1,015	
Ultrasound	2,826	3,278	
Special Procedures	255	296	
4. <u>Average Hours per Procedure (incl. set-up and clean-up)</u>			
CT Scans	.75	.75	
Fluoroscopy	.60	.60	
General Procedures	.25	.25	
Nuclear Medicine	1.25	1.25	
Mammography	.50	.50	
Ultrasound	.75	.75	
Special Procedures	2.00	2.00	

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

RADIOLOGY

Calculation of Recommended Space, continued

	<u>1987</u>	<u>1994</u>	<u>Comments</u>
5. <u>Annual Day Shift</u> <u>Procedure Hours</u> (line 3 x line 4)			
CT Scans	923	1,125	
Fluoroscopy	406	470	
General Procedures	5,360	6,217	
Nuclear Medicine	483	560	
Mammography	438	508	
Ultrasound	2,120	2,459	
Special Procedures	510	592	
6. <u>Procedure Rooms</u> <u>Required</u> (line 5/1,600) ^(a)			Existing:
CT Scan	1	1	1
Fluoroscopy/ General Procedures	4	4	3
Nuclear Medicine	1	1	0
Mammography	1	1	1
Ultrasound	1	2	1
Special Procedures	<u>1</u>	<u>1</u>	<u>0</u>
TOTAL	9	10	6
7. <u>Planning GSF per</u> <u>Procedure Room</u>			
CT Scans	1,800	1,800	
Fluoroscopy/ General Procedures	1,000	1,000	
Nuclear Medicine	700	700	
Mammography	300	300	
Ultrasound	400	400	
Special Procedures	1,800	1,800	

Notes: (a) 1,600 = 50 weeks x 5 days x 8 hours x .80 scheduling contingency.

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN

RADIOLOGY

Calculation of Recommended Space, continued

	<u>1987</u>	<u>1994</u>	<u>Comments</u>
8. <u>Total Departmental Space</u> (line 6 x line 7)			
CT Scans	1,800	1,800	
Fluoroscopy/ General Procedures	4,000	4,000	
Nuclear Medicine	700	700	
Mammography	300	300	
Ultrasound	400	800	
Special Procedures	1,800	1,800	
	<hr/>	<hr/>	
SUBTOTAL	9,000	9,400	Existing: 3,040 DGSF
ALLOWANCE FOR RESIDENCY	400	400	
TOTAL DEPARTMENTAL GSF	9,400	9,800	

REHABILITATION THERAPIES

EXISTING CONDITIONS

Programs and Services

- o The department offers the following services:
 - Physical Therapy,
 - Occupational Therapy,
 - Psychology,
 - Speech Therapy,
 - Rehabilitation Medicine,
 - Recreation Therapy.
- o Services are provided to the rehabilitation unit, to the other inpatient units and to outpatients.
- o The department would like to offer recreational therapy services and develop a "work hardening" program.

Current Facilities

- o The department has three locations: the main department, which is in F Ward; spaces on the rehabilitation unit, G Ward; and storage and one office in the G Ward basement.

Facility Deficiencies

- o The department is divided into three locations.
- o The department is distant from the inpatient units.
- o The department does not have ready access to outside areas for therapy activities.
- o The department has a large main area, but it is poorly configured.
- o There is inadequate private office space, as the supervisors, a social worker and one clerk all share one large office. Technicians have offices within therapy areas.
- o The speech therapy room does not have adequate sound proofing.
- o The department is poorly configured, with the registration and waiting areas at some distance from each other.
- o The registration area is too small.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REHABILITATION THERAPIES

- o The mental health occupational therapist has an office within the storage area in the G Ward basement.

FUNCTIONAL ANALYSIS

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Medical Director	1	1
Physicians	2	2
Chief, Rehab.	1	1
Supervisors	2	2
Phy. Therapists	4	5
Occ. Therapists	4	5
Asst./Aides	4	5
Psychology	1	1
Speech Therapist	1	1
Recreation Therapist	1	1
Social Worker	1	1
Clerks	2	2
	<u>—</u>	<u>—</u>
TOTAL	24	27

- o Staffing increases are based on a projected 27% increase in workload.

PLANNING GUIDELINES

Relationships

- o The department should be centralized in one location.
- o Primary relationships for the department are (in order of importance):

Inpatient Rehabilitation unit,
Acute care units,
Parking for outpatient access.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REHABILITATION THERAPIES

SPACE LISTING

The department currently has 7,210 gsf in an awkwardly configured layout. Recommended spaces are given below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Hydrotherapy Room	200	1	200	1	200
Dressing Rooms/Toilet	150	1	150	1	150
Gymnasium	600	1	600	1	600
P.T. Treatment Room	80	3	240	4	320
Occupational Therapy General	400	1	400	1	400
OT Kitchen	200	1	200	1	200
OT Bath	100	1	100	1	100
Physiatrist	120	1	120	1	120
Physician Charting	100	1	100	1	100
Director	120	1	120	1	120
Supervisors	80	2	160	2	160
Psychologist	120	1	120	1	120
Social Worker	120	1	120	1	120
Speech Therapy	150	1	150	1	150
EMG/Evoked Potentials	120	1	120	1	120
Tech Work/Charting	60	8	480	10	600
Staff Toilet	25	1	25	1	25
Reception/Waiting	20	10	200	10	200
Clerk	80	2	160	2	160
Storage	500	1	500	1	500
Total NSF			4,265		4,465
Net To Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			5,540		5,800

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SURGERY

EXISTING CONDITIONS

Programs and Services

- o The department offers inpatient and outpatient surgical services. It performs obstetrical surgical procedures and it offers cystoscopy services.

Current Facilities

- o The department has three locations: the main department, which is across from C Ward; an outpatient area is within C Ward; and a recovery area is also in C ward but at the north end next to Critical Care.

Facility Deficiencies

- o The separation of Surgery from the recovery area is a significant problem for patient safety and staff efficiency.
- o The department has insufficient storage for supplies and equipment.
- o None of the four operating rooms are sized to meet present code requirements.
- o There is no waiting room.
- o The main department is not secured. Traffic can enter the department from any of three uncontrolled entrances.
- o There is inadequate office space for staff and physicians.
- o Lounge/locker space is inadequate for both staff and physicians.
- o There is no anesthesia prep room.
- o There is no clear separation of clean areas.
- o The outpatient surgical area is severely overcrowded, with the nursing station, patient intake and recovery areas all mixed into one 400 gsf room.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SURGERY

PLANNING GUIDELINES

Relationships

- o The department should be centralized in one location.
- o Primary relationships for the department are (in order of importance):

Emergency,
Critical Care,
Radiology,
Central Supply.

Design Considerations

- o The department would like to be able to use any of the four rooms for cysto procedures. This could be accomplished with mobile equipment.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SURGERY

SPACE NEEDS SUMMARY

The department currently has 4,190 gsf. We recommend current and future allocations below.

Calculation of Recommended Space

	<u>1987</u>	<u>1994</u>	<u>Comments</u>
1. <u>Annual Procedures</u>			
a. Total Procedures	2,969	3,615	
b. Total Peak Shift @ 90%	2,672	3,254	Assumed
c. Total Non-Peak	297	361	
2. <u>Average Procedure Time in Minutes</u>	110	110	Assumes 20 minutes clean-up and 90 minutes procedure time
3. <u>Annual Peak Shift Procedure Time (Hours)</u> (line 1b. x line 2 ÷ 60)	4,899	5,966	
4. <u>Annual Peak Shift Hours Available per Procedure Room</u> (8.0 hrs. per day x 5 days per wk. x 50 wks. per yr. x .75 contingency)	1,500	1,500	
5. <u>Procedure Room Required</u> (line 3 ÷ line 4)	3	4	
6. <u>Planning GSF per Procedure Room</u>	2,400	2,400	
7. <u>Subtotal Departmental Space</u> (line 5 x line 6)	7,200	9,600	
8. <u>Ambulatory Surgery Allowance</u>	1,200	1,200	
9. <u>Total Departmental Space</u>	8,400	10,800	

CRITICAL CARE

EXISTING CONDITIONS

Current Programs

- o Critical Care Nursing is a combined intensive care and cardiac care unit, with six licensed critical care beds.

Current Facilities

- o The department is located at the north end of C Ward. There is a bereavement room in the trailer to the north of B Ward.

Facility Issues

- o The individual patient areas are open and do not have auditory or visual privacy.
- o The unit is severely overcrowded.
- o There is no isolation room.
- o The nursing station is poorly configured, as the monitors are too high. Also, the station is on a raised platform.
- o There is no organized equipment or supply storage.
- o The ventilation and lighting are poor.
- o The unit does not have a soiled utility room. A hopper is across the hall.
- o The unit is very noisy.
- o There is no employee lounge.
- o There are only two sinks in the department.
- o The department manager does not have an office.
- o There is no medical air.
- o The unit cannot segregate surgical from coronary patients.
- o There is no charting or dictation area.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CRITICAL CARE

PLANNING GUIDELINES

Desired Relationships

- o Critical Care should be located near Surgery and, secondarily, near Emergency, Radiology and the Medical/Surgical Units with telemetry capability.

SPACE NEEDS SUMMARY

Calculation of Recommended Space

- o The department currently has 990 gross square feet for six critical care beds, or approximately 165 gross square feet per bed. Current planning standards call for 600 gross square feet per critical care bed, or 3,600 gross square feet.
- o Workload projections indicate 3,999 patient days in 1994, for an ADC of 11.0. This would yield a unit of 15 beds. Because of design considerations, we recommend a unit of 16 beds for a total space allocation of 9,600 gross square feet.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DETENTION

EXISTING CONDITIONS

Programs and Services/Facilities

- o At present, there is no separate area for the treatment of inpatients who are under detention.

Facility Deficiencies

- o Because of a lack of dedicated space, detention inpatients are mixed in with the rest of the inpatients.

PLANNING GUIDELINES

Relationships

- o The department should be a separate and distinct area of Medical/Surgical Nursing.
- o The department would also like a distinct area within the Emergency Department for the treatment of detention patients.

SPACE LISTING

Space for this function will be programmed with Medical/Surgical Nursing.

GERO-PSYCHIATRIC

EXISTING CONDITIONS

Programs and Services

- o The department provides inpatient medical, psychiatric, behavioral and rehabilitative evaluation and treatment services to a target population of frail elders who have multiple co-existing problems.
- o The department has 8 beds.
- o The department is closely integrated with other parts of the county Geriatrics program, specifically the outreach service, the older adults clinic, physician home visits and inpatient unit consults.

Current Facilities

- o The unit is located in H Ward, which is connected to L building.

Facility Deficiencies

- o The unit is distant from the main hospital and all traffic to the main hospital must go outdoors.
- o The nursing station is not situated to have visual control of all patient rooms, nor does the nursing station allow visual control of all exits.
- o The unit is poorly configured. The layout does not promote either staff efficiency or quality of care.
- o The day room is too small.
- o The dining room is too small.
- o The department lacks access to a secure and level outside space.
- o The individual patient rooms are too small.
- o There is no dedicated conference area or employee lounge.
- o There is a shortage of office space for staff assigned to the department.
- o The department lacks a hopper/dirty utility room.
- o The department lacks adequate equipment storage.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

GERO-PSYCHIATRIC

- o The unit does not have adequate utilities, specifically wall suction/oxygen, telephones, televisions, intercom.
- o The unit lacks access to a laundry.
- o There are no handicapped bathrooms.
- o There are insufficient shower and tub facilities and no shower and tub facilities for the handicapped.
- o The unit was not designed for the elderly, e.g. lack of railings, lack of resting alcoves, inappropriate floor and window treatments causing glare, etc.

PLANNING GUIDELINES

Major Spaces

- o The department would like to have a mix of private and semi-private rooms, with seclusion room availability.

Relationships

- o The department should have a ground floor location with ready access to a secure and level area.
- o The departmental relationships are (in order of importance):

Radiology, Cardiopulmonary, Rehabilitation Therapies;
Acute Care, Critical Care, Outpatient Clinics;
County geriatrics offices, SNF;
Psychiatric inpatient units.

Design Considerations

- o The department must be designed with a frail, elderly population in mind.
- o The department must be designed to allow for expansion. This can be accomplished in two ways: (1) the facility can be oversized to allow for expansion within the four walls of the department, and (2) the department can be placed on the site to allow for an easy addition. The Steering Committee prefers the second option.

GERO-PSYCHIATRIC

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 2,860 gsf for eight beds, a ratio of 358 gsf per bed. Units of this type should be allotted 500 gsf per bed. Thus, we would recommend a current allocation of 4,000 gsf.
- o Workload projections for 1994 indicate 3,538 patient days, or an average daily census of 9.7. This ADC would require approximately 12 beds and 6,000 gsf.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL/SURGICAL NURSING

EXISTING CONDITIONS

Programs and Services/Current Facilities

- o Medical/Surgical inpatient services have beds on three different wards. B Ward serves primarily as a medical ward and has a capacity of 44 beds, with six 6-bed wards, one 4-bed ward and two semi-private rooms. C Ward serves primarily as a surgical and orthopedic ward and has a capacity of 22 beds, one 6-bed ward, one 5-bed ward, two 4-bed wards, one semi-private room and one isolation room. D Ward serves gynecological and pediatric patients and health plan members. It has a capacity 36 beds, with two 6-bed wards for pediatrics; one 6-bed ward, one 4-bed ward and two semi-private rooms for gynecology; and five semi-private rooms for the health plan.
- o The units practice a combination of total patient care and team nursing. They are moving towards a system of total patient care. They believe that the hospital will never move towards primary nursing.
- o At present, they have a mix of 55% RN and 45% LVN. They have no nurse aides. They would like to move towards a mix of 70% RN.

Facility Deficiencies (For all wards, unless noted.)

- o The nursing stations are not placed to provide visual control of the units.
- o The configuration of the units does not promote staff efficiency or quality of care.
- o Only the health plan rooms have direct access to bathrooms.
- o There are insufficient examination rooms.
- o There is insufficient equipment storage space.
- o There are no dedicated employee lounges or nurse charting areas. These two areas are combined.
- o There are insufficient isolation rooms.
- o The individual patient rooms are too small.
- o The medication rooms are too small.
- o There is no physician consultation room.
- o There is no resident work area.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL/SURGICAL NURSING

- o There is no physician dictation space.
- o There are no family waiting areas.
- o The units lack adequate utilities, especially, telecommunication and electrical outlets.
- o There are no separate clean and dirty utilities.
- o Each unit has only two showers.
- o There are no offices on the units for supervisors.

PLANNING GUIDELINES

Major Spaces

- o The units would like to have a mix of private and semi-private rooms, with approximately half of the beds in private rooms and half of the beds in semi-private rooms.

Relationships

- o Medical/Surgical Nursing should be near Surgery, Critical Care, Radiology, Laboratory and Pharmacy.

Design Considerations

- o The department would like to develop units of approximately 25 beds. It would like to explore the pod concept. The pods would be developed as subdivisions of the 25-bed units. This would allow the development of separate areas for detention, pediatrics, oncology, etc.

MEDICAL/SURGICAL NURSING

SPACE LISTING

Calculation of Recommended Space

- o At present, Medical/Surgical Nursing has 16,400 gsf for 102 beds, or 161 gsf per bed. Current planning standards call for at least 375 gsf per bed for units with half private beds and half semi-private beds. This standard would indicate a need for 38,250 gsf.
- o Workload projections indicate 33,168 patient days in 1994. This yields a 1994 average daily census of 91 and a bed requirement of approximately 114. This would require 42,750 gsf.
- o The service could be configured into four 25-bed units and one 14-bed detention unit.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PERINATAL

EXISTING CONDITIONS

Programs and Services

- o The department provides a traditional labor & delivery service, along with one ABC room; a 14-bed postpartum unit; a normal newborn nursery; and antepartum testing and labor evaluations.
- o The department has two delivery rooms; one private and one semi-private labor room; three 4-bed and one semi-private postpartum rooms.

Current Facilities

- o The service is located on A ward.

Facility Deficiencies

- o The nursing stations do not allow adequate supervision of all of the postpartum rooms.
- o The patient rooms do not have toilet facilities. All postpartum rooms share the same facility.
- o There is no medication room in the postpartum area.
- o There is inadequate equipment storage.
- o The 4-bed wards limit patient privacy.
- o There is no family waiting area.
- o The only access to the labor & delivery area is through the postpartum area, causing excessive traffic in the postpartum area.
- o There is no consultation room.
- o There is no dictation space.
- o There is inadequate charting space.
- o The delivery rooms cannot support cesarean sections.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PERINATAL

FUNCTIONAL ANALYSIS

Operational Policies and Procedures

- o The department would like to have cesarean sections performed within the department.

PLANNING GUIDELINES

Relationships

- o The department would like to have a ground floor location. The department should be near the operating room. If a NICU is developed, it should be near the Perinatal Department.

Design Considerations

- o The department would like to develop an LDR program.
- o The department needs space for outpatient testing, holding and evaluation.

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 5,470 gsf. Current planning standards would call for 11,535 gsf in a traditional suite.
- o Contra Costa targets 1,500 deliveries in 1994. An LDR unit would require 14,000 gsf. (This is based on 6 LDRs and 17 beds, which is based on the assumptions on the following page.)

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PERINATAL

Assumptions for Recommended Major Spaces

	<u>1987</u>	<u>1994</u>
No. of Deliveries	934	1,500
C-Section %	0.18	0.18
Normal Deliveries	766	1,230
C-Sections	168	270
Antepartum admissions (At 30%)	280	450
Antepartum LOS (hours)	60	60
Pre-Delivery LOS/Norm (hours)	18	18
Post-Delivery LOS/Norm (hours)	48	48
Pre-Delivery LOS/C-Sec (hours)	18	18
Post-Delivery LOS/C-Sec (hours)	72	72
Unscheduled C-Section %	0.3	0.3
Overflow rate/Deliveries	0.973	0.973
Occupancy rate/Beds	0.7	0.7

LDR Option

LDR ADC	1.7	2.7
Beds ADC	7.5	12
No. of LDRs	4	6
No. of Beds	11	17

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REHABILITATION

EXISTING CONDITIONS

Programs and Services

- o This department offers inpatient rehabilitation services. It has 21 beds, with one 8-bed ward, one 5-bed ward and two 4-bed wards.

Current Facilities

- o The department is located in G Ward.

Facility Deficiencies

- o The nursing station is not placed to allow adequate visual control of the patient rooms.
- o The nursing station is small and cramped.
- o There is insufficient equipment storage.
- o The individual patient rooms are too small. There is inadequate storage of patient belongings.
- o There are no private or semi-private rooms.
- o There are no clean and dirty utility rooms.
- o The department does not have access to laundry facilities for patient belongings.
- o The dining area is too small.
- o The dayroom is too small.
- o The department does not have ready access to outdoor space.
- o The toilet and shower facilities are inadequate.
- o The unit does not have adequate utilities, especially electrical outlets.

PLANNING GUIDELINES

Relationships

- o The department must be near Rehabilitation Therapies. The department should be near the Gero-Psychiatric Unit.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

REHABILITATION

SPACE LISTING

Calculation of Recommended Space

- o The unit currently has 5,070 gsf for 21 beds, or 241 gsf per bed. A unit of this type should be allotted 500 gsf per bed, or a total of 10,500 gsf.
- o Workload projections indicate 3,110 patient days in 1994. This yields an average daily census of 8.5 and a bed allocation of 10. Ten beds would require 5,000 gsf.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CRISIS UNIT

EXISTING CONDITIONS

Programs and Services

- o The department serves as a psychiatric emergency service. A primary function is the evaluation of potential admits to the inpatient service. The department also consults on the Medical/Surgical Units.

Current Facilities

- o The department is located at the north end of D Ward.

Facility Deficiencies

- o The unit is distant and in a separate building from the psychiatric inpatient units. This causes problems in patient transport.
- o The reception, triage and waiting area are all combined in one room. This presents a number of security and privacy problems.
- o There is no designated area for physical assessments.
- o There is only one interviewing room and it is too small.
- o The unit design does not allow separation of different types of patients, i.e. children from adults, or voluntary from involuntary patients, or male from female.
- o There are no isolation rooms.
- o There is no visitor reception/waiting area.
- o There are no female restrooms within the department. Females must go to the south end of the ward and travel through other hospital departments.
- o Some patient waiting is in the hallway, which can compromise the privacy of conversations in adjacent offices.
- o The unit lacks adequate office space.
- o The unit lacks an employee lounge.
- o Because of a lack of space, adjacent departments are sometimes used for patient sleeping.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CRISIS UNIT

- o There is no space for storage of medical equipment.

FUNCTIONAL ANALYSIS

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	1	1
MHTS therapist	3	3
Physician	1	1
Alcohol Counselor	1	1
Nurse	1	1
Clerk	1	1
Psych. Tech.	1	1
Psych. Intern	1	1
Psych. Resident	1	1
	<u>—</u>	<u>—</u>
TOTAL	11	11

PLANNING GUIDELINES

Relationships

- o The primary relationship is with the psychiatric inpatient units and next with the emergency room.
- o Other important relationships include: Pharmacy, Laboratory, Medical/Surgical Units, and Security.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CRISIS UNIT

SPACE LISTING

The department currently has 2,100 gsf. We recommend current and future allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Semi-Private Rooms	240	4	960	4	960
Dayroom	200	1	200	1	200
Reception/Waiting	150	1	150	1	150
Triage/Assessment	100	1	100	1	100
Patient Waiting	150	1	150	1	150
Director/Interviews	120	1	120	1	120
Physician/Interviews	120	1	120	1	120
Staff Work/Charting	80	6	480	6	480
Shared Interview Rooms	150	2	300	2	300
Toilets	50	2	100	2	100
Total NSF			2,680		2,680
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			3,480		3,480

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

PSYCHIATRIC INPATIENT

EXISTING CONDITIONS

Programs and Services

- o The department offers inpatient psychiatric services.

Current Facilities

- o The department has three locations. I Ward has 20 beds, with four 4-bed wards, one semi-private and two seclusion/isolation rooms. J Ward also has 20 beds, with three 4-bed ward, and eight isolation/seclusion rooms. The department also has two trailers to the south of J Ward.

Facility Deficiencies

- o Both wards are poorly configured for acute psychiatric units. The nursing stations do not afford visual control of the patient rooms and the activity areas.
- o The unit designs inhibit staffing efficiency and the delivery of quality care.
- o Neither unit is designed to allow the segregation of different types of patients, i.e. voluntary from involuntary or adolescent from adult.
- o Office space for many therapy staff is in the trailers, outside of the inpatient units.
- o Neither unit has an employee lounge.
- o The occupational therapy area on I Ward is too small and too distant from the nursing station.
- o The nursing stations are too small.
- o There are insufficient shared interview rooms.
- o There are no family interview rooms.

PLANNING GUIDELINES

Relationships

- o The units should be consolidated in one area.
- o The primary relationship is the crisis unit and secondarily the gero-psychiatric unit.

PSYCHIATRIC INPATIENT

Design Considerations

- o The unit would like to have half private rooms and half semi-private, i.e. 33% private beds and 67% semi-private beds.
- o The department would like to develop smaller nursing units, which will allow the development of distinct units for distinct patient groups.

SPACE LISTING

Calculation of Recommended Space

- o The department currently has 12,850 gsf for 40 beds, for a ratio of 321 gsf per bed. Units of this type should be allotted 400 gsf per bed. This would indicate a current allocation of 16,000 gsf.
- o The department would like to provide for 58 beds in 1994. These will require 23,200 gsf.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

EMERGENCY

EXISTING CONDITIONS

Current Programs

- o The department provides 24-hour emergency care, including a physician on duty at all times. It provides rape and child abuse evaluations and medical evaluations of psychiatric patients.
- o The department may become more involved in trauma in the future.
- o The department would also like to develop a separate area for detention patients.

Current Facilities

- o The department is located on the west side of the administration building.

Facility Issues

- o The department suffers from a significant space shortage.
- o The treatment rooms are too small for major trauma.
- o The layout of the department is poor. The layout gives no control over traffic flow.
- o There is no distinct emergency waiting area.
- o The triage area faces the main lobby, compromising patient privacy.
- o There is no distinct and separate ambulance entrance.
- o There is inadequate storage for equipment and supplies.
- o There is no doctor's sleeping quarters or ambulance attendant area.
- o There are insufficient private treatment rooms.
- o The nurses' station is not located to allow visual monitoring of the exam rooms.
- o The nurses' station is too small.
- o There is no director's office.
- o There is no staff lounge.

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

EMERGENCY

- o There is no designated parking for emergency patients.
- o There are no restrooms for patients.
- o There are insufficient sinks.
- o There are no clean and dirty utility areas.
- o There is no holding or observation area.
- o There is no ENT or pediatric treatment room.
- o There is no consultation room.

PLANNING GUIDELINES

Desired Relationships

- o Primary relationships are:
 - Radiology
 - Laboratory
 - Surgery
 - Critical Care
- o Secondary relationships are:
 - Outpatient Clinic
 - Crisis Unit
 - Pharmacy
 - Medical Records

Operational Concerns

- o Registration should be integrated with the triage area.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

EMERGENCY

SPACE NEEDS SUMMARY

The department currently has 1,680 gross square feet. The 1988 and 1994 recommendations are developed below.

Calculation of Recommended Space

	<u>1988</u>	<u>1994</u>	<u>Comments</u>
1. <u>Annual Visits</u>	25,981	28,323	
2. <u>Average Peak Shift Daily Visits</u> (line 1 ÷ 365 x .48)	34	37	(0.48% of visits on peak shift)
3. <u>Average Peak Daily Visit Capacity per Treatment Station</u>	5	5	
4. <u>No. of Treatment Stations Required</u> (line 2 ÷ line 3)	7	8	
5. <u>No. of Observation Beds Required (a)</u>	3	4	
6. <u>Total Patient Spaces</u>	10	12	
7. <u>Planning GSF per Patient Space</u>	500	500	
8. <u>Sub-Total Departmental Space</u>	5,000	6,000	
9. <u>Allowance for</u>			
(a) Registration/Telephone/Cashier	400	400	
(b) Trauma	500	500	
(c) Detention	700	700	
10. <u>Total Departmental Space</u>	6,600	7,600	

Note: (a) Assume 1 observation bed per 2 treatment stations.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

FAMILY PRACTICE

EXISTING CONDITIONS

Current Programs

- o The Family Practice Clinic functions as a group practice and residency training program, with approximately 25,000 visits a year. The department is also responsible for health plan members.

Current Facilities

- o The department is in M Ward, at the northern end of the campus.

Facility Deficiencies

- o The department lacks a dedicated nursing station.
- o The waiting area is too small.
- o Storage for major equipment (e.g., gurneys, wheelchairs) is insufficient.
- o The department is distant from Laboratory, Radiology, Medical Records and Pharmacy.
- o There is no conference area.
- o There are no offices for the medical director, supervising nurse or the administrator.
- o A patient educator and a financial counselor share an office. They should have private offices.
- o Clean and soiled linen are not separated.

Operational Concerns

- o The department would like to have decentralized waiting.
- o The department would like to develop a model of two exam rooms per suite, rather than the current three per suite.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

FAMILY PRACTICE

PLANNING GUIDELINES

Desired Relationships

- o The department would like to be close to the main facility.
- o Its important relationships within the medical campus are Laboratory, Pharmacy, Radiology, and Medical Records.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

FAMILY PRACTICE

SPACE NEEDS SUMMARY

The department currently has 6,950 gross square feet. We recommend current and future allocations below.

Calculation of Recommended Space

	<u>1988</u>	<u>1994</u>	<u>Comments</u>
1. <u>Annual Visits</u>	25,401	27,700	
2. <u>Average Turnaround</u> <u>Minutes per Visit</u>	40	40	Assumed
3. <u>Annual Exam Hours</u> (line 1 x line 2/60)	16,934	18,467	
4. <u>Annual Hours Available</u> <u>per Exam Room (a)</u>	1,700	1,700	
5. <u>Exam Rooms Required</u> (line 3/line 4, rounded up, times 2) (b)	20	22	Existing: 17
6. <u>Planning GSF/</u> <u>Exam Room (c)</u>	400	400	
7. <u>Total Department Space</u> (line 5 x line 6)	8,000	8,800	
8. <u>Special Allowances</u> <u>Registration and Waiting</u>	1,000	1,000	
9. <u>Total Department Space</u> (line 7 + line 8)	9,000	9,800	

- Notes:
- (a) Available hours figured on 8 hours per day x 5 days per week x 50 weeks x .85 scheduling contingency.
 - (b) Rooms are doubled to enable physicians to work efficiently with two rooms.
 - (c) Planning room standards include all support space.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

OUTPATIENT

EXISTING CONDITIONS

Current Programs

- o The department is responsible for a variety of specialized medical clinics as well as a dental and audiology clinic.

Current Facilities

- o The department is located at the south of the Administration Wing.

Facility Deficiencies

- o Patient flow through the department is not controllable, since only one long corridor accesses the different clinics.
- o The registration area is too small.
- o The patient waiting area is too small.
- o There is no medical director's office.
- o There is no manager's office.
- o Because of a lack of waiting areas, hallways are often used for patient waiting.
- o There are no conference rooms for staff.
- o Too few bathrooms exist, and none are equipped for the handicapped.
- o There is no patient teaching area within the department. The department must use conference rooms distant from the department or use existing office space.
- o There are no counseling or consultation rooms within the department.
- o There is insufficient clerical working space.
- o The dental area lacks a separate waiting/registration area.
- o The dental area lacks adequate storage.
- o The dental area lacks a director's office.
- o The dental x-ray area will not accommodate wheelchairs.

OUTPATIENT

Operational Concerns

- o The department would like decentralized waiting.

PLANNING GUIDELINES

Desired Relationships

- o The department should be near Laboratory, Radiology, Pharmacy, and Medical Records.
- o Registration should be near the department.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

OUTPATIENT

SPACE NEEDS SUMMARY

The department currently has 3,800 gross square feet in an awkwardly shaped building. We recommend current and future allocations below.

Calculation of Recommended Space

	<u>1988 (d)</u>	<u>1994</u>	<u>Comments</u>
1. <u>Annual Visits</u>	13,800	15,040	
2. <u>Average Turnaround</u> <u>Minutes per Visit</u>	40	40	
3. <u>Annual Exam Hours</u> (line 1 x line 2/60)	9,200	10,030	
4. <u>Annual Hours Available</u> <u>per Exam Room (a)</u>	1,700	1,700	
5. <u>Exam Rooms Required</u> (line 3/line 4, rounded up, times 2) (b)	12	12	Existing: 9
6. <u>Planning GSF/</u> <u>Exam Room (c)</u>	400	400	
7. <u>Total Department Space</u> (line 5 x line 6)	4,800	4,800	
8. <u>Special Allowances</u>			
a. Dental	700	700	
b. Waiting	500	500	
c. G.I. Lab	400	400	
d. ENT Lab	400	400	
9. <u>Total Department Space</u> (line 7 + line 8)	6,800	6,800	

Notes: (a) Available hours figured on 8 hours per day x 5 days per week x 50 weeks x .85 scheduling contingency.
 (b) Rooms are doubled to allow physicians to work efficiently with two rooms.
 (c) Planning room standards include all waiting and support space.
 (d) Annualized from 9 months of data.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SYMPTOM CONTROL

EXISTING CONDITIONS

Programs and Services

- o The department offers pain relief and counseling services for terminal patients. Department staff oversee the program, while nurses from home health and public health provide the actual care.

Current Facilities

- o The department has one room on E Ward.

Facility Deficiencies

- o The department lacks an office for the director.
- o The department lacks a dedicated conference area for use by staff and by patients and their families.
- o The department lacks adequate storage.

FUNCTIONAL ANALYSIS

Operational Policies and Procedures

- o The department will continue to operate with "care-givers" borrowed from other departments.

Staffing and Schedule

- o The department has one director and one secretary. A volunteer coordinator will be added in the future.

PLANNING GUIDELINES

Relationships

- o The department should have ready outpatient access.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SYMPTOM CONTROL

SPACE LISTING

The department currently has 310 gsf. We recommend a current and future allocation below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Director	120	1	120	1	120
Volunteer Coordinator	100	1	100	1	100
Conference	200	1	200	1	200
Storage	100	1	100	1	100
Secretary/Reception	150	1	150	1	150
Total NSF			670		670
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			870		870

BIOMEDICAL ELECTRONICS

EXISTING CONDITIONS

Current Programs

- o The department services a variety of medical equipment in the hospital. It also services addressographs and suction and oxygen equipment.
- o Most radiology, laboratory, critical care, and cardiopulmonary equipment is serviced by contract, as are the telephones and televisions.
- o The department would like to take over some contract services.

Current Facilities

- o The department is located in a trailer at the west of the campus.

Facility Deficiencies

- o The department is distant from the main facility, causing significant problems in equipment transport.
- o There is no piped-in air or vacuuming in the department.
- o There is no running water in the department.
- o There is no drain in the department.

PLANNING GUIDELINES

Desired Relationships

- o The department should have easy access to the nursing floors and to the major ancillaries.

Staffing

- o The department presently has one director and one technician.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

BIOMEDICAL ELECTRONICS

SPACE NEEDS SUMMARY

The department currently has 490 gross square feet. We recommend 1988 and 1994 space allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Work Benches	100	2	200	3	300
Storage/Library	300	1	300	1	300
Total NSF			500		600
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			650		780

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

BUILDING AND GROUNDS

EXISTING CONDITIONS

Programs and Services

- o This department is responsible for operation, repair and preventive maintenance programs for all hospital buildings and equipment (other than equipment maintained by Biomedical Engineering). It is also responsible for grounds maintenance, painting, carpentry, and plumbing shops.
- o (Overall mechanical and electrical capacity will be discussed elsewhere in the final report.)

Current Facilities

- o The department has four locations. The engineer is adjacent to the boilers. The carpentry and paint shop are in vacated laundry space. The plumbing shop is in the basement of the L ward. There is also a gardening shed.

Facility Deficiencies

- o The department is fragmented into four locations.
- o There are no office spaces for a potential on-site director and an additional supervisor.
- o There is no dedicated space for the Paint Shop or for the spray booth.

FUNCTIONAL ANALYSIS

Staffing and Schedule

<u>Position</u>	<u>1988</u>	<u>1994</u>
Director	0	1
Supervisors	1	2
Operating Engineers	5	5
Electricians	1	1
Painter	1	1
Carpenter	1	1
	<u>—</u>	<u>—</u>
TOTAL	9	11

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

BUILDING AND GROUNDS

PLANNING GUIDELINES

Desired Relationships

- o Maintenance should be in close proximity to Biomedical and to the main plant building.

SPACE NEEDS SUMMARY

Calculation of Recommended Space

- o Building and Grounds presently has 4,970 GSF. This would seem to be an adequate allocation for its function. The present space layout and separation of areas may inhibit efficient use of space. While some space additions or reallocations may be necessary to solve current problems, a future allocation of 5,000 GSF of appropriately configured space should be more than adequate.

CSR/STORES

EXISTING CONDITIONS

Current Programs

- o This report covers two departments. Together, they comprise inventory/stock control, the warehouse/bulkstores function, the central supply function and the purchasing function. They also operate a mailroom and a copyroom.

Current Facilities

- o Central supply is across from D Ward. Stores has quarters in the G Ward basement and in the storeroom above Dietary; it also has a modular building at the northwest end of the campus.

Facility Deficiencies

CSR

- CSR lacks a breakdown or receiving area.
- The interior of CSR is poorly laid out, causing mingling of clean supplies and dirty equipment.
- Due to a lack of a breakout or receiving area, supplies are often stored in the hallway.
- The department lacks storage space for clean equipment, e.g., IV infusion pumps.
- Storage for patient supplies on the different nursing units is insufficient.
- There is no area for staging exchange carts.
- The departmental manager has no private office. The office is within a storeroom.
- There are no employee lockers.
- There is no area for cart washing.

Stores

- The loading dock is small.
- The loading dock is difficult to access and it is not protected from the weather.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CSR/STORES

- The storeroom is on a separate level from the dock, causing the vertical movement of all supplies.
- There is no separate area for the mailroom.
- The main department does not have ready access to a bathroom.
- The department is divided into three locations, which limits staff efficiency.
- The copy room must be accessed through the main department.

Operational Concerns

- o Central Supply is interested in maintaining and developing an exchange cart system.

PLANNING GUIDELINES

Desired Relationships

- o Ideally, the two functions will be adjacent.
- o Central Supply should maintain a strong relationship with Surgery.
- o Stores should be near Central Supply.

Staffing

- o Central Supply currently has one manager, one clerk, and six technicians on a peak shift.
- o Stores currently has one departmental manager, one storeroom supervisor, two storekeepers, and eight clerks and two drivers at a peak shift.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CSR/STORES

SPACE NEEDS SUMMARY

Central Supply currently has 1,530 gross square feet; Stores has 8,960 gross square feet. We recommend space allocations for the two functions below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
<u>STORES</u>					
Administrative Area					
Manager	120	1	120	1	120
Secretary/Receptionist	150	1	150	1	150
Clerk/Typist	60	4	240	4	240
Copying	120	1	120	1	120
Mailroom	150	1	150	1	150
Forms storage	900	1	900	1	900
Subtotal NSF			1,680		1,680
Net to Gross Conversion Factor			1.2		1.2
Subtotal GSF			2,020		2,020
Stores					
Supervisor	100	1	100	1	100
Dock	250	1	250	1	250
Bulk Stores	4,000	1	4,000	1	4,000
Subtotal NSF			4,350		4,350
Net to Gross Conversion Factor			1.1		1.1
Subtotal GSF			4,790		4,790
SUBTOTAL DEPARTMENTAL GROSS SQUARE FEET			6,810		6,810

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CSR/STORES

SPACE NEEDS SUMMARY

Central Supply

	NSF/ Space	1988		1994	
		No. of Spaces	Total Area	No. of Spaces	Total Area
Director	120	1	120	1	120
Clerk	60	1	60	1	60
Lockers/Toilets	100	2	200	2	200
Decontamination	500	1	500	1	500
Cart Washing	120	1	120	1	120
Equipment Washing	100	1	100	1	100
Equipment Wiping	100	1	100	1	100
Janitor - Soiled	50	1	50	1	50
Janitor - Clean	50	1	50	1	50
Washer/Sterilizer	100	1	100	1	100
Make-up	300	1	300	1	300
Terminal Sterilizer	130	1	130	1	130
ETO Containment/Clean	55	1	55	1	55
ETO Containment/Soiled	55	1	55	1	55
ETO Sterilizer	30	1	30	1	30
Hopper	60	1	60	1	60
Clean Processed Stores	1,200	1	1,200	1	1,200
Storage/Equipment	300	1	300	1	300
Issue	100	1	100	1	100
Breakout	160	1	160	1	160
Surgical Linen Packroom	300	1	300	1	300
Subtotal NSF			4,090		4,090
Net to Gross Conversion Factor			1.2		1.2
Subtotal Departmental Space			4,910		4,910
TOTAL DEPARTMENTAL SPACE			11,720		11,720

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CHAPLAIN

EXISTING CONDITIONS

Current Programs

- o Pastoral Care is responsible for patient counseling. The department also provides an educational program for 6 - 7 graduate theologians.

Current Facilities

- o The department is located in a trailer at the western end of the campus.

Facility Deficiencies

- o There is no meditation facility on the campus.
- o There is no dedicated study space for the students.
- o The department is distant from the main facility.

PLANNING GUIDELINES

Desired Relationships

- o The department should be accessible to the patient floors.
- o The meditation room need not be adjacent to the departmental offices, but should be centrally located.

Staffing

<u>Position</u>	<u>1988</u>	<u>1994</u>
Chaplain	1	1
Assistant Chaplain	0	1
	<u>—</u>	<u>—</u>
TOTAL	1	2

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

CHAPLAIN

SPACE NEEDS SUMMARY

The department currently has 260 gross square feet. We recommend 1988 and 1994 allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Chaplain	120	1	120	1	120
Assistant Chaplain	120	0	0	1	120
Study Area	200	1	200	1	200
Total NSF			320		440
Net to Gross Conversion Factor			1.3		1.3
Total Departmental Space (rounded)			420		570
Meditation Room			200		200
Total Departmental Space			620		770

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

ENVIRONMENTAL SERVICES

EXISTING CONDITIONS

Programs and Services

- o Housekeeping is responsible for maintaining orderly, sanitary conditions in all hospital buildings and departments. The department is also responsible for other county health facilities. The linen service is run by an outside company on contract.

Current Facilities

- o The main department is located in the laundry building at the southeast edge of the campus. Linen storage is in a temporary building at the north of B Ward.

Facility Deficiencies

- o The department has limited storage space for housekeeping supplies and equipment on the nursing units.
- o The main department is distant from the main facilities.
- o Linen storage is limited in patient areas.
- o Patient rooms are difficult to clean because they are too small to accommodate patients, equipment, and patients' personal effects.
- o The storage of patient equipment in hallways makes cleaning difficult.
- o There is inadequate office space for the director and supervisors.
- o There is an inadequate number of restrooms in the campus.

FUNCTIONAL ANALYSIS

Operational Policies and Procedures

- o Linen Service is a rental service. PAR stocking of nursing units is done daily for each floor. Soiled linen is stored on a large trailer rig at the south end of the campus.

PLANNING GUIDELINES

Desired Relationships

- o The department should be centrally located.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

ENVIRONMENTAL SERVICES

SPACE LISTING

The department currently has 3,740 gross square feet, excluding linen storage. However, this space is poorly configured. If new space is developed, we recommend the following allocation. No reduction of existing space is recommended.

Detailed Space Listing

<u>Room/Space</u>	<u>Qty</u>	<u>Unit Area</u>	<u>Net Area</u>	<u>Comments</u>
Supply Storage	1	600	600	
Equipment Storage	1	400	400	
Clean Linen	1	400	400	
Manager	1	120	120	
Assistant Manager	1	100	100	Senior housekeeper
Supervisors	2	80	160	Supervisors
Secretary/Reception	1	150	150	
Conference Room	1	150	150	
Lockers/Toilet/Shower	1	100	100	Female
Lockers/Toilet/Shower	1	100	100	Male
			<hr/>	
Total NSF			2,280	
Net to Gross Conversion Factor			1.2	
Total Departmental Space (rounded)			2,740	

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

FOOD SERVICES

EXISTING CONDITIONS

Current Programs

- o The department is responsible for food service to the hospital and the operation of a cafeteria. It caters special functions and is responsible for vending services. The department has a dietician on staff. It is also developing a senior dining program in the cafeteria.

Current Facilities

- o The kitchen, storeroom, and cafeteria are located to the south of E Ward.
- o A vending area is opposite the cafeteria. The dietician's office is in the eligibility module, at the eastern end of the campus.

Facility Deficiencies

- o Many patient units are distant from the department, hampering the delivery of hot meals.
- o Conference areas are also distant from the department.
- o The food-preparation area is poorly laid out. It uses too much space and prevents efficient use of staff. Also, it is difficult to replace equipment.
- o The department lacks adequate electrical capacity, especially for heating and air conditioning.
- o Management offices are removed from the preparation area, preventing observation of staff.
- o The dietician's office is distant from the department.
- o The clerical work area is too noisy.
- o The building is aging and it is difficult to keep clean.

FUNCTIONAL ANALYSIS

Design Considerations

- o Conference/dining areas should be subdividable.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

FOOD SERVICES

PLANNING GUIDELINES

Desired Relationships

- o The department would like to be consolidated.
- o The department would like to be near the nursing units and the education/training areas.

SPACE NEEDS SUMMARY

The department currently has 10,180 gsf in poorly configured space. We recommend current and future allocations below.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Main Dining	15	150	2250	200	3000
Private Dining (subdivisible)	22	50	1100	50	1100
Manager	120	1	120	1	120
Asst. Manager	100	1	100	1	100
Dieticians	100	2	200	6	600
Dietary Clerks	60	2	120	2	120
Storage	1150	1	1150	1	1150
Preparation/Cook	850	1	850	1	850
Patient Service/Tray Make-up	680	1	680	1	680
Cafeteria Service	690	1	690	1	690
Clean-up	960	1	960	1	960
Toilets/Lockers	280	1	280	1	280
Mechanical	100	1	100	1	100
Total NSF			8,600		9,750
Net to Gross Conversion Factor			1.1		1.1
Total Departmental Space (rounded)			9,460		10,725

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL RECORDS

EXISTING CONDITIONS

Programs and Services

- o The department maintains central medical records for all inpatients and outpatients. The department is responsible for medical-legal correspondence and for statistical reporting to governmental agencies. The department also maintains a Tumor Registry.

Current Facilities

- o The main department has three locations. The main department is in the administration wing. Some staff are in a room at E Ward and active records are stored in the G Ward basement.

Facility Deficiencies

- o The three locations pose a problem for staff efficiency.
- o The department does not have adequate record storage.
- o Clerical work areas are extremely crowded.
- o The department does not have ready access to a conference room.
- o A physician restroom is located within the department.

FUNCTIONAL ANALYSIS

Operational Policies and Procedures

- o The department maintains 4 years of active records – two years within the department and the rest in G Ward.
- o Transcription is handled by contract.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL RECORDS

Staffing (Peak Shift)

<u>Position</u>	<u>1988</u>	<u>1994</u>
Chief	1	1
Medical Records Admin.	3	3
ART	4	4
Medical Records Tech.	9	13
Clerks	11	11
Tumor Registrar	1	1
Secretary	1	1
DEO	1	1
TOTAL	<u>31</u>	<u>35</u>

Notes: The director believes the current staffing levels can accommodate further growth if the department is centralized. This should be checked, given the assumption of 9 percent outpatient and 51 percent inpatient growth.

PLANNING GUIDELINES

Desired Relationships

- o The department should be near:
 - Emergency Room;
 - Utilization Review/Risk Management;
 - Outpatient;
 - Patient accounting.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

MEDICAL RECORDS

SUMMARY LISTING

The department currently has 3,200 GSF. We recommend 1988 and 1994 space allocations as follows:

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>			<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	No. of Spaces	Total Area
Chief	120	1	120	1	120
Medical Records Admin.	100	3	300	3	300
ART	80	4	320	4	320
Conference	150	1	150	1	150
Technicians/clerks	60	20	1,200	24	1,440
Incomplete Records	150	1	150	1	150
Secretary/Reception	150	1	150	1	150
Microfilm/Storage	200	1	200	1	200
Record Files	1,800	1	1,800	1	1,800
Tumor Registrar	150	1	150	1	150
Data Entry	80	1	80	1	80
Total NSF			4,620		4,860
Net To Gross Conversion Factor			1.25		1.25
Total Departmental Space (rounded)			5,780		6,080

Note: The above figures represent the space required for peak shift employees.

SECURITY

EXISTING CONDITIONS

Programs and Services

- o Security is responsible for ensuring the safety of the hospital staff and for protecting buildings and equipment against theft, fire, or unlawful intrusion. The department has a special role with regards to transporting patients to and from the crisis clinic.

Current Facilities

- o Security has an office in the E Ward.

Facility Deficiencies

- o The office is too small for employee lockers, the Director's office and a report area.

FUNCTIONAL ANALYSIS

Staffing and Schedule

- o The department has one director and three full-time staff. Two staff are on duty during a peak period.

PLANNING GUIDELINES

Desired Relationships

- o The department should be near the crisis unit, emergency room and the main lobby.
- o The department should have ready access to parking.

SPACE NEEDS SUMMARY

Calculation of Recommended Space

- o The department currently has 110 DGSF. A 150 DGSF office should be adequate for its needs.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SOCIAL SERVICES

EXISTING CONDITIONS

Current Programs

- o The department provides social services, discharge planning, and placement services for all outpatients, inpatients, and emergency patients throughout the hospital.

Current Facilities

- o The department has space in a trailer at the west end of the campus and one office on A Ward. The department shares a number of other offices around the campus.

Facility Deficiencies

- o The department clerks are located in a building distant from the hospital. This is inefficient for staff coverage and access by the social workers.
- o Most social service workers' offices lack auditory privacy, creating confidentiality problems. Only one social worker has a private office.
- o None of the social service workers' offices is large enough to handle family conferences.
- o The department lacks conference space.
- o The outpatient areas lack interview rooms which social service can use.

PLANNING GUIDELINES

Desired Relationships

- o The department supports decentralizing its functions such that one central office area is maintained for two clerks, a director, and central files, along with a conference area. The remaining social workers would be distributed throughout the patient care areas, one with Perinatal, four with Medical/Surgical, one with Rehabilitation, one with Outpatient, and one with Symptom Control.

Staffing

- o The department currently has no director, eight MSW's, two senior social workers, and one clerical staff. Predicted 30% overall hospital growth would indicate the need for two more social workers.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SOCIAL SERVICES

SPACE NEEDS SUMMARY

The department currently has 380 gross square feet. We recommend current and future allocations for the central department below. Nine other social workers should be distributed throughout the hospital. These offices would require 120 gross square feet each for a total of 1,080 additional gross square feet. This latter space is allowed for in the nursing unit programming.

Calculation of Recommended Space

<u>Space</u>	<u>1988</u>		<u>1994</u>	
	NSF/ Space	No. of Spaces	Total Area	Total Area
Director	120	1	120	120
Secretary/Reception	150	1	150	150
Clerical	60	1	60	60
Multi-Purpose Room	150	1	150	150
Storage	100	1	100	100
Total NSF			580	580
Net to Gross Conversion Factor			1.3	1.3
Total Departmental Space (rounded)			750	750

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

INTRODUCTION TO FACILITY PLANNING

This section presents the development objectives that guided the facility planning process and provides an evaluation of the existing site as it relates to development opportunities and constraints. Specific departmental deficiencies are described separately within the Functional and Space Programming section of this report. This section also describes the recommended plan to meet the facility program for a total replacement facility on the present site. It also describes an approach to incremental development of the recommended plan over time and presents an assumed development schedule.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

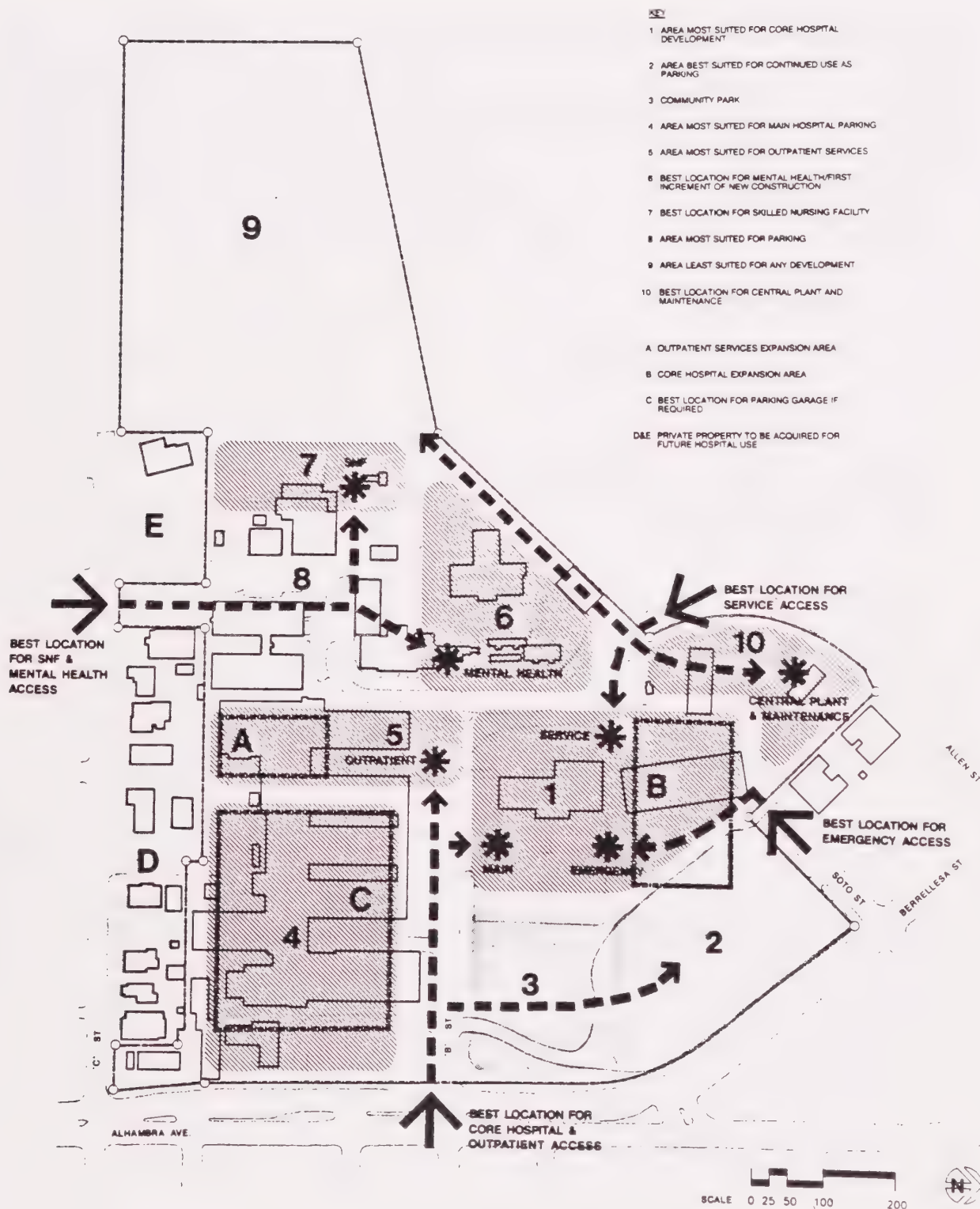
DEVELOPMENT OBJECTIVES

The following development objectives were identified to guide the master planning process.

1. Provide improved space for core hospital departments -- for example, nursing units, Surgery, Radiology, Emergency and Pharmacy.
2. Provide facility improvements for other departments with major internal inefficiencies -- for example, Hospital Administration, Registration, U.R./Risk Management, Volunteers, Cardiopulmonary, Family Practice, Outpatient, CSR/Stores and Medical Records.
3. Eliminate older, inefficient buildings.
4. Consolidate fragmented departments.
5. Improve site access and parking.
6. Provide a new image and highly visible entrance area.
7. Develop a more compact campus.
8. Minimize cross traffic of patients, public visitors, staff, and supplies.
9. Provide a plan for new development that can be constructed incrementally.
10. Maintain existing hospital operations during construction and related renovation.
11. Provide convenient vehicular drop-off points for emergency patients, visitor, and staff.
12. Maintain attractive green spaces on the campus, and retain existing redwood grove adjacent to Alhambra Avenue and "B" Street.
13. Provide for the later expansion of nursing units, as required.
14. Provide a plan for development that is fiscally responsible.

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

SITE DEVELOPMENT ANALYSIS



SITE DEVELOPMENT ANALYSIS

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SITE DEVELOPMENT ANALYSIS

The following section summarizes the site analysis as illustrated on the previous page.

1. This area of the site is best suited for the core hospital replacement. It is contiguous with existing hospital facilities, permitting phased construction. It is the only area large enough for the replacement hospital which minimizes relocation of existing facilities prior to construction. This area provides high visibility and convenient access from Alhambra Avenue for the primary entrance and from Soto Street for access to the emergency department.
2. This existing parking lot is well located for continued use as parking. It is easily accessible and adjacent to the area of the site best suited for the core hospital replacement.
3. The existing redwood grove is a community and campus asset which should be preserved and enhanced.
4. The area currently occupied by the existing hospital provides the best location for the future primary parking lot. It is located in an easily accessible and visible location.
5. This area provides the optimum location for an Outpatient/Family Practice Building. It is contiguous with the core hospital and can share hospital services. This location also has convenient access to parking in adjacent areas to the east and west. Additionally as outpatient services expand, this location allows for easy expansion to the south.
6. This area provides the best location for a Mental Health Building. It is contiguous with the core hospital but allows for a separate entrance and identity. In addition, this area allows for development to occur independently of the core hospital.
7. This area provides the best location for a separate Skilled Nursing Facility, with a minimum of disruption to the existing hospital services.
8. This area provides the best location for parking, to serve the Skilled Nursing Facility (area 8) and Mental Health Building (area 7).
9. This is an area of very steep slopes and is unsuitable for any hospital development.
10. This area provides the best opportunity to develop a new Central Plant and Maintenance Building.

Expansion Potential

- A. This area provides expansion potential for outpatient services.
- B. This area provides expansion potential for the core hospital.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

SITE DEVELOPMENT ANALYSIS

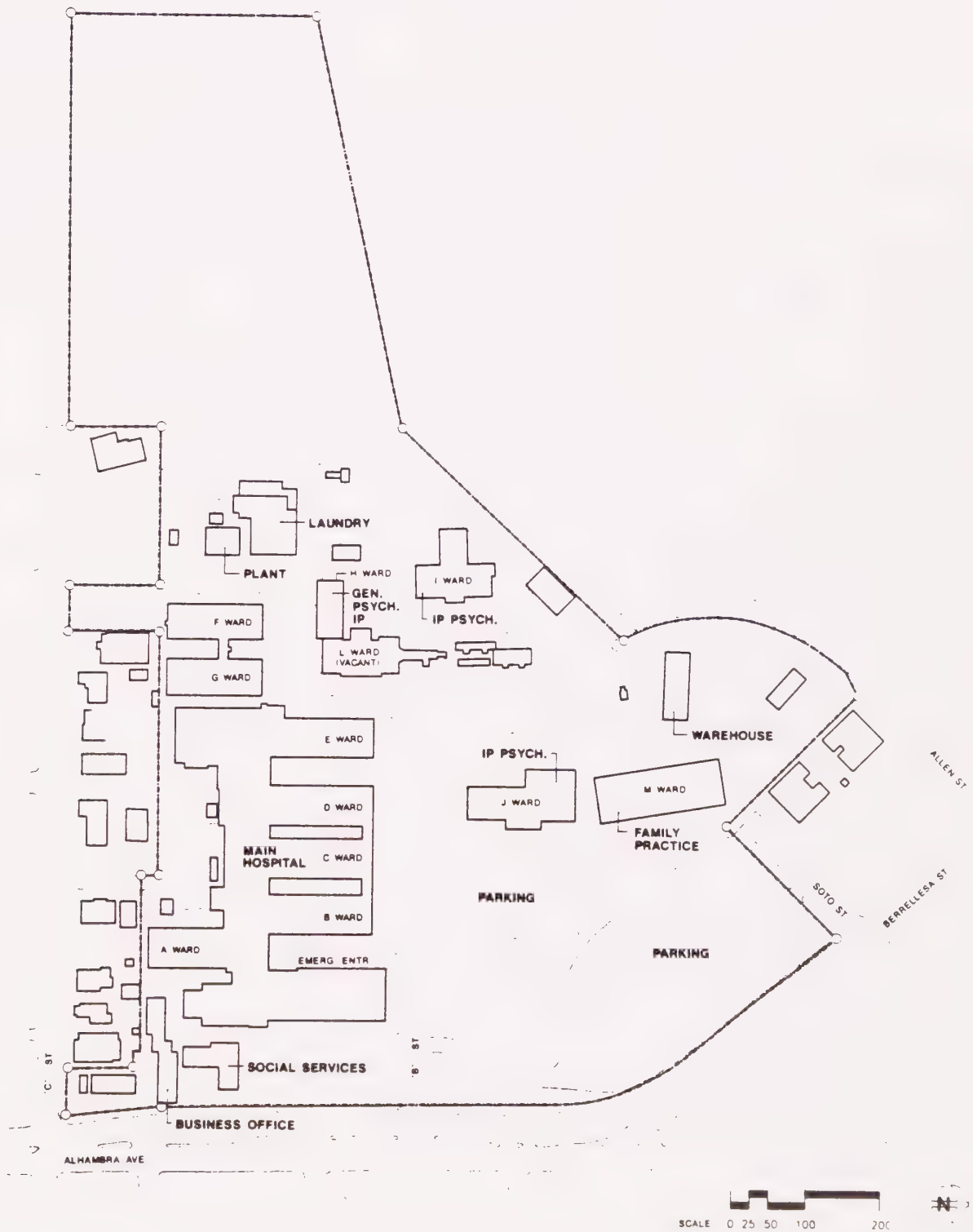
- C. This area provides the best opportunity to develop garage parking, to accommodate either an increase in demand, and or to allow for replacement parking if expansion areas A + B are developed.

We recommend that this future garage parking be no more than 3 levels, with one level below grade. This will allow the visibility of the new hospital from Alhambra to be maintained.

- D + E. These properties are not currently owned by the hospital and it is recommended that they be acquired in the future. Acquisition of these properties may negate the need for garage parking.

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

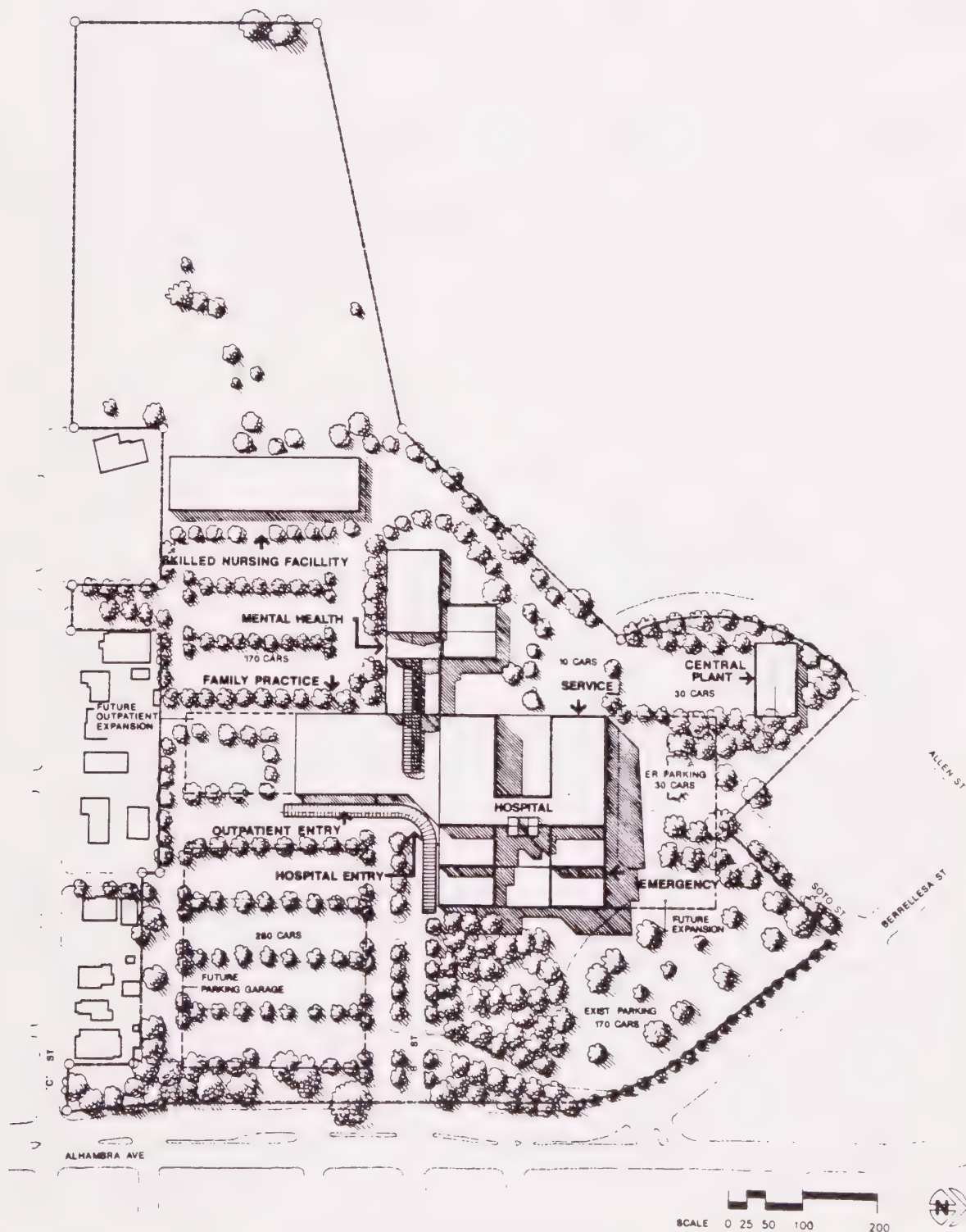
DEVELOPMENT RECOMMENDATIONS



EXISTING SITE PLAN

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DEVELOPMENT RECOMMENDATIONS



RECOMMENDED SITE PLAN

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

DEVELOPMENT RECOMMENDATIONS

The following text and accompanying site and floor plans describe the development recommendations.

PLANNING ASSUMPTIONS

1. Upon inspection of the existing site, the existing hospital buildings should be replaced.
2. Construction of the replacement facilities may occur incrementally requiring continued use of some existing facilities until the final elements are complete.
3. All parking will be accommodated on the site.
4. The main entrance will continue to be from Alhambra Avenue.
5. The existing redwood grove on Alhambra Avenue at B Street is to be maintained.
6. The Central Plant replacement will continue to be a separate facility.
7. Mental Health will have a separate identity and building entrance, but physically connected to the core hospital building for support services.
8. The Outpatient Clinics and Family Practice are to be housed separately but physically connected to the core hospital. Each will have its own separate entrance.
9. Site development and planning incorporates the location for a future Skilled Nursing Facility. This is to be developed independently of this Master Plan for the replacement of the hospital.

SITE CIRCULATION AND ACCESS

Vehicular Access

- o The hospital campus can be accessed directly from city streets adjoining north, east and south edges of the property. This provides opportunities to separate traffic flow to relieve congestion and improve accessibility.

Main Entrance

- o The existing main vehicular access point off Alhambra Avenue is maintained and developed into a primary boulevard leading to the new main hospital and outpatient entrances.
- o A major new parking lot is developed on the south side of the boulevard with convenient access to the main hospital and outpatient entrances.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DEVELOPMENT RECOMMENDATIONS

Emergency

- o A new separate access point for emergency is created at the end of Soto Street.
- o A new emergency parking lot is provided directly on the north side of the building adjacent to the Emergency Room entrance.

Mental Health

- o The new Mental Health Building is located on the southwest side of the new hospital building with a separate parking lot and vehicular access via C Street.

Family Practice

- o Family Practice is located on the second level above the Outpatient Clinics with a separate entrance at that level. Vehicular access is via "C" Street with parking adjacent to the entry.

Service

- o The primary hospital service entrance is located on the west side of the hospital building.
- o All service vehicles will access the hospital receiving dock via Allen Street. This allows the separation of service vehicles from other hospital traffic.

Central Plant and Maintenance

- o The Central Plant and Maintenance building is located on the northern edge of the campus. It will use the service vehicle access point via Allen Street.

PARKING

The hospital currently has 383 designated parking spaces. Staff and visitors also use a large number of parking spaces on adjacent streets and in the nearby residential areas. We recommend a future total parking allotment of 735 spaces. The basis for that recommendation is discussed below.

- o There are currently only 9 parking spaces near the emergency room. We believe that this should increase to 20 spaces. This is based on a projected daily peak shift load of 34 patients. This should be sufficient for ambulance traffic and for patients arriving by

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DEVELOPMENT RECOMMENDATIONS

private car. Visitors to the emergency room would be encourage to use the public/staff lot(s).

- o Currently, there are no designated spaces for outpatient parking. We recommend an allocation of 65 spaces. This is based on a projected daily peak shift load of 170 outpatients, or approximately 63 patients during any 3 hour time period. Given that a large number of outpatients use public or county transportation, 65 designated spaces should be adequate for variations in peak load.
- o There are presently 15 designated spaces for physicians, we recommend an allocation of 25.
- o There are presently approximately 800 employees at the hospital. We estimate that 60% of these are present for a peak shift, giving a peak shift staff of 480. We assume a factor of 15% for growth, yielding a future peak staff of 550. (Inpatient activity is expected to grow by 51%, while outpatient activity is expected to grow by 9%. Since staffing is not related to volume in a linear fashion, we have allowed for only 15% growth.) We believe that the staff who carpools or use public transportation will balance out the need for peak shift overlap parking, therefore we recommend only 550 spaces for staff.
- o We recommend 75 spaces for visitors, based on one space for every three beds. This allocation could be reduced if visitor parking were combined with staff parking, as most visitors come after the peak employee shift.

Parking Summary

<u>Type</u>	<u>Current</u>	<u>Projected</u>
Emergency	-	20
Outpatient	-	65
Physician	-	25
Staff	-	550
Visitors	-	75
TOTAL	383	735
 SNF Assumption		
@99 beds.	-	60

- o In the design of the campus plan, the primary parking areas were developed to be adjacent to the primary entry points to the hospital and Outpatient Buildings.
- o Separate parking areas are also developed to serve the emergency department, Mental Health, Family Practice and the Skilled Nursing Facilities.

DEVELOPMENT RECOMMENDATIONS

BUILDING ORGANIZATION

The basic organizing concept is to separate functions such as outpatient services and Mental Health away from the primary in-patient areas. The resulting design is a concept in which the core hospital is connected to separate Mental Health and Outpatient Buildings, each of which has its own separate building entrance and parking.

The steep topography of the site provides the opportunity to locate separate building entrances on the first and second floor levels. The main hospital, emergency, and Outpatient Clinic entrances are located on the first floor. Mental Health, Family Practice, Skilled Nursing Facility and the hospital service entrances are located at the second floor level.

The core hospital is a six story building. Basically, this is organized with three levels of nursing floors on a three-level base of Diagnostic, Treatment, and Ancillary Departments. The building is arranged vertically to separate in-patient areas from outpatient areas. Furthermore, the hospital is organized to enhance the primary interdepartmental adjacencies and relationships defined in the planning guidelines developed from the departmental interviews.

First Floor

- o The base is organized so that diagnostic and treatment areas which have a large outpatient component, such as radiology and emergency, are located on the first floor.
- o The majority of the hospital's administrative components which includes Registration, Admissions, and Medical Records, are located centrally, close to the main entry.
- o Radiology is located adjacent to emergency.
- o Medical Records is located to be conveniently accessible to both the Emergency Department and the Outpatient clinic areas.
- o Both the Emergency Department and Radiology Department will have direct access to patient/service elevators in the elevator core.

Second Floor

- o The second floor of the core hospital is basically a service and staff related floor.
- o The primary service departments of CSR, general stores, food service, laboratory, and pharmacy, all have access to the central core of service elevators.
- o The service entrance and loading dock are located on this floor, with direct access to the food service area, CSR and central stores.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DEVELOPMENT RECOMMENDATIONS

- o CSR is located directly below surgery and labor/delivery. This provides the opportunity to have dedicated cart lifts to move equipment and material directly between these areas, without using the main elevators.

Third Floor

- o The third floor is primarily the critical-care floor and contains the departments of Surgery, Critical Care and Cardiopulmonary.
- o Elevators are directly accessible to serve both Surgery and the Critical Care areas from nursing units on upper floors, or for transporting patients from the emergency department.

Fourth Floor

- o The fourth floor is the primary Medical-Surgical Nursing Unit floor with four Nursing Units clustered about the central core of service and patient elevators.

Fifth Floor

- o The fifth floor contains the Rehabilitation Therapy area, the Rehabilitation Nursing Unit, the Gero-Psychiatric Nursing Unit and the Detention Nursing Units.
- o Those patients being admitted to the Detention Nursing Unit will arrive through the Emergency Department and be brought directly up to the unit via a dedicated elevator.

Sixth Floor

- o Only half of this floor is developed and contains a seventeen bed Perinatal Unit, new born nursery and Labor/Delivery Suite.
- o The Labor/delivery Suite will contain both traditional and contemporary birthing facilities.

Circulation

- o The hospital is arranged around a central core of elevators which will be configured to provide a separation between inpatient, staff, service, and visitor traffic.
- o The elevators will be designed to provide separate elevator lobbies for inpatients and service on each floor and separate elevator lobbies for visitors.
- o In addition to the primary elevators in the core hospital, secondary elevator cores will be located in the Mental Health Building and in the Outpatient/Family Practice Building.

DEVELOPMENT RECOMMENDATIONS

Outpatient/Family Practice Building

- o The Building is organized on two levels with the Outpatient Clinics and eligibility services on the first floor and the Family Practice Clinic on the second floor.
- o This building is connected on both levels to the core hospital, to provide convenient access to hospital services.
- o Because of the grade changes, this building can be organized to provide a separate Family Practice entrance on the west side on the second floor level, sharing the adjacent parking lot with Mental Health and the Skilled Nursing Facilities. The Outpatient Clinic entrance is on the first floor level.

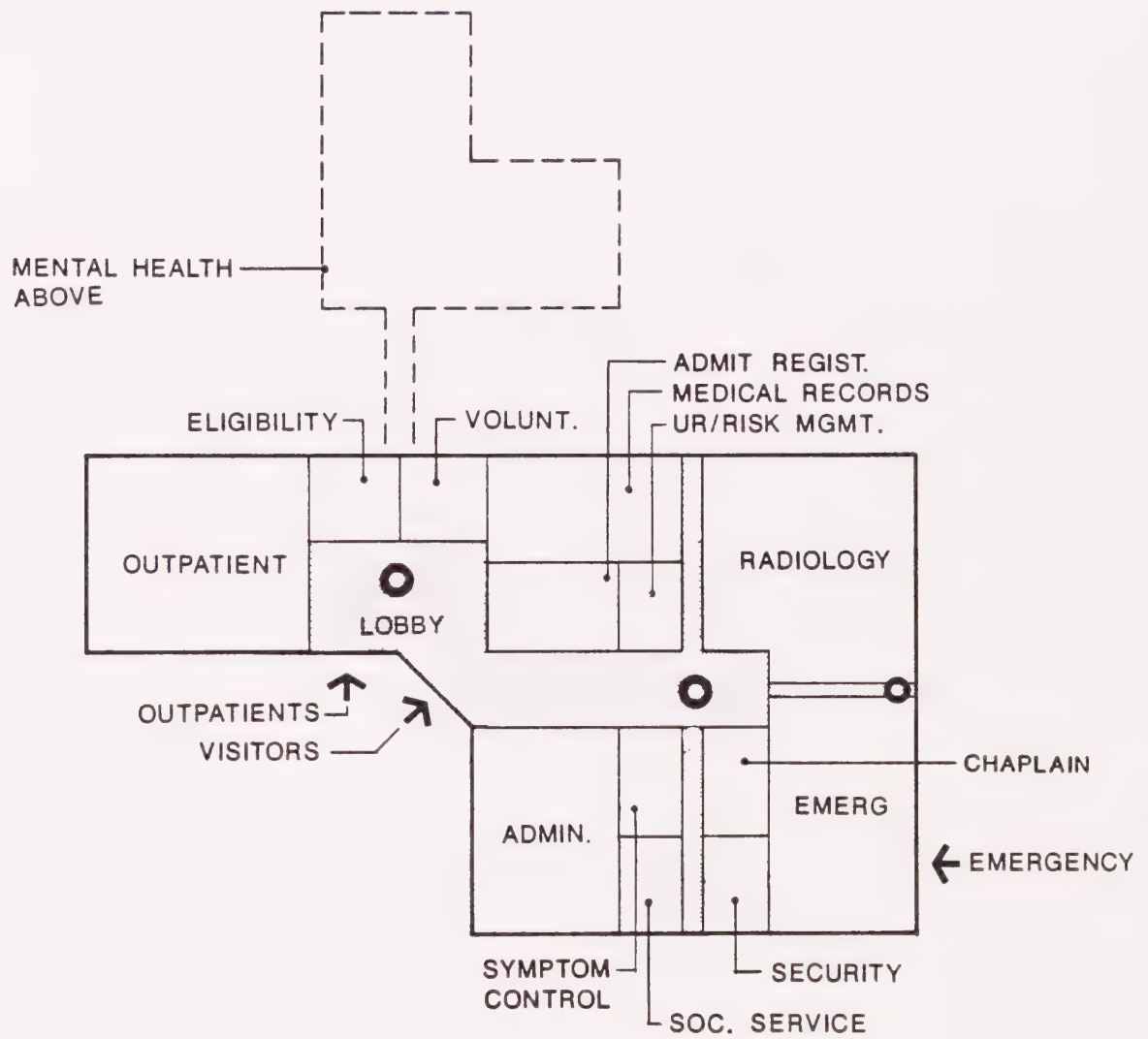
Mental Health Building

- o The Mental Health programs are contained in a three-story structure.
- o Because of the grade changes, the first floor of the Mental Health Building is located on and connected to the second floor level of the core hospital. A Crisis Unit, support functions and the main Mental Health Building entrance is located on this first level.
- o Two Mental Health Nursing Units are located on the second level of this building, and an additional Nursing Unit is located on the third level (fourth level of the hospital).

FUTURE PLAN

Both the building and the site organization have been given careful consideration relating to the future expansion of the hospital. Those primary hospital departments which are likely to experience the greatest amount of change or growth are located on the lower floor levels. The primary expansion for the core hospital is to the north. This expansion zone will allow for expansion of radiology and emergency, food service, materials management, and surgery, as required. Above this base expansion additional Nursing Unit Floors can be added as required. The Outpatient/Family Practice Building is located to allow future expansion to the south into the adjacent parking lot. If, over time, parking areas are lost to building expansion, consideration will need to be given to parking structures at that time. A proposed location for a future parking structure is identified on the recommended site development plan.

DEVELOPMENT RECOMMENDATIONS

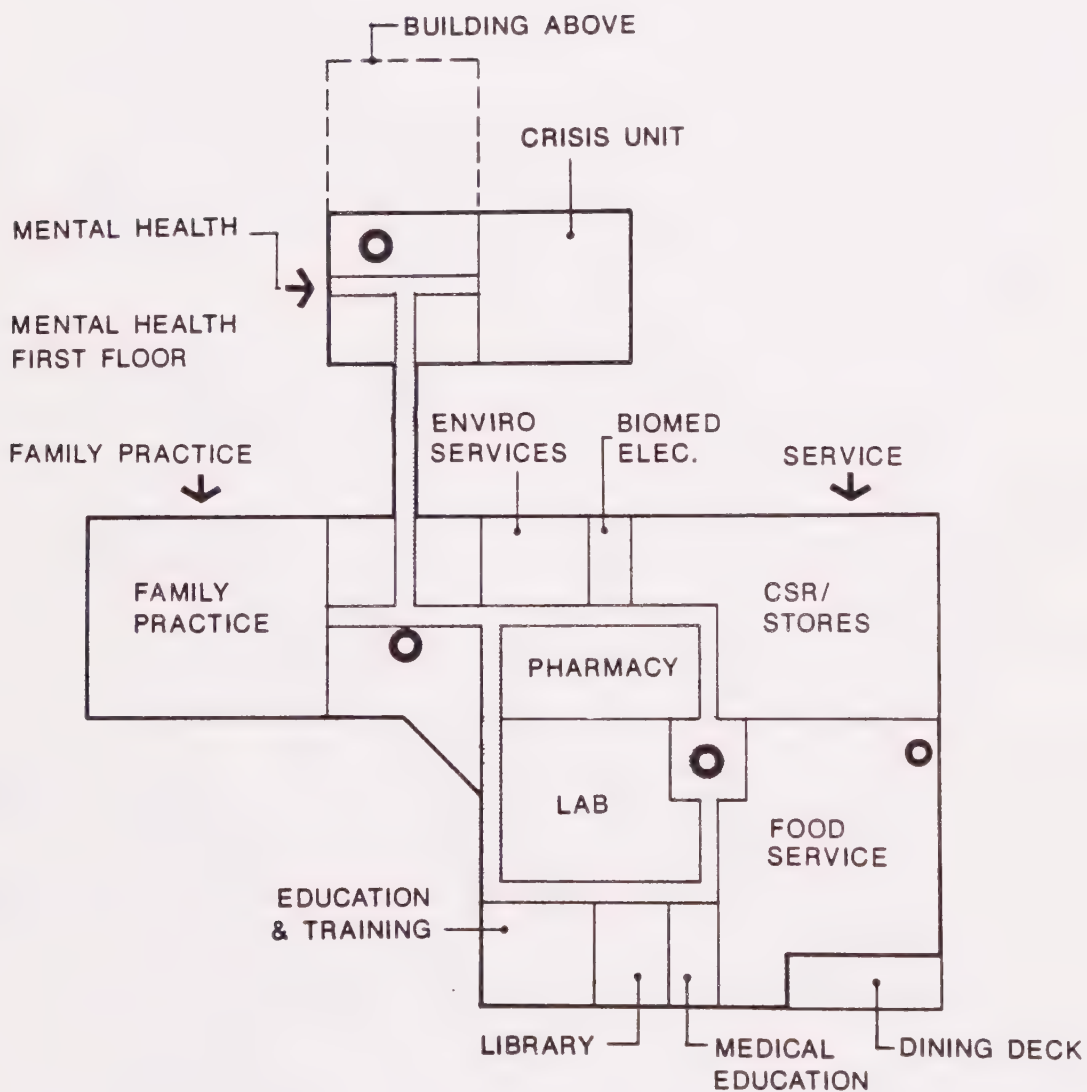


RECOMMENDED FIRST FLOOR PLAN

SCALE 0 25 50 100

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

DEVELOPMENT RECOMMENDATIONS

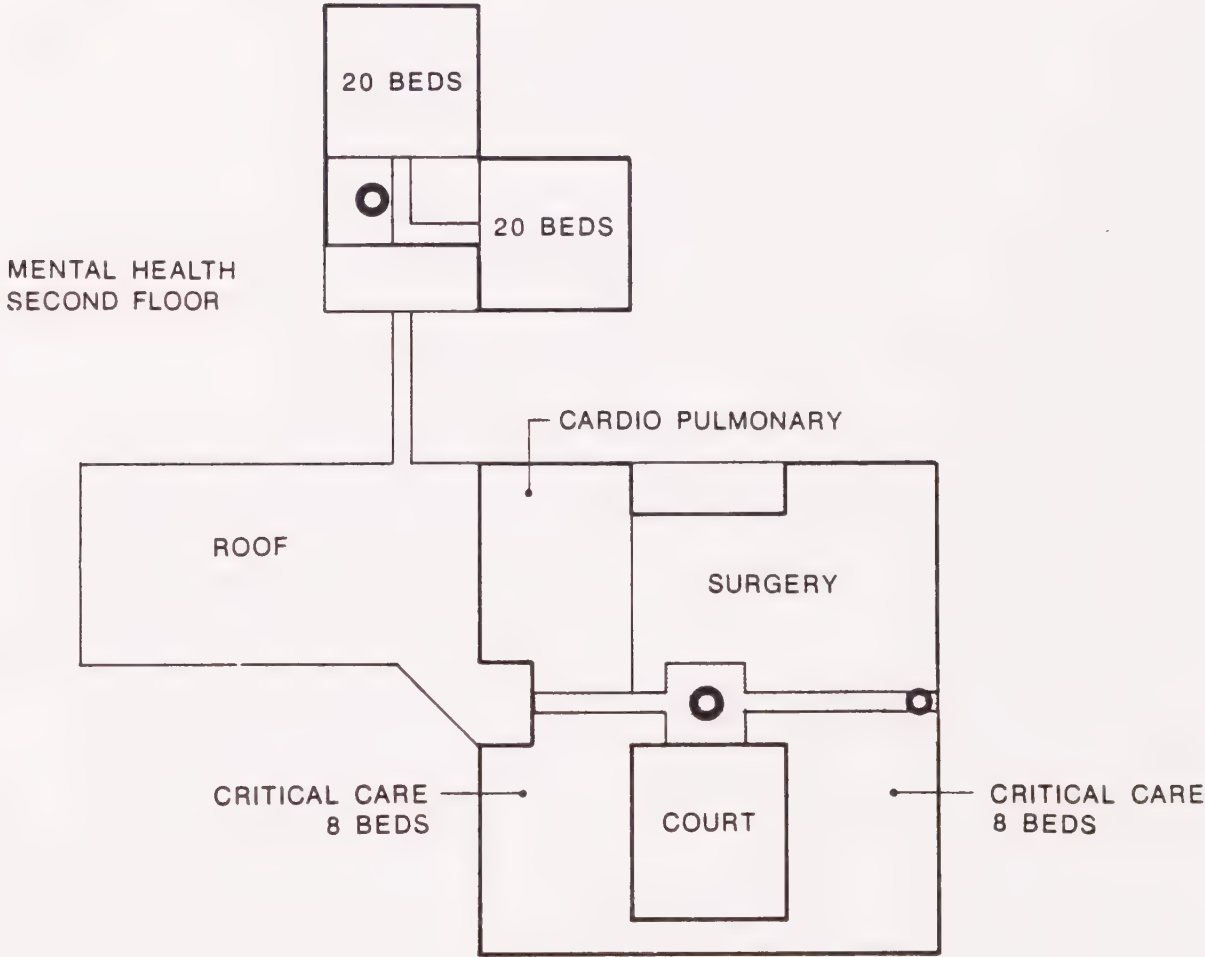


RECOMMENDED SECOND FLOOR PLAN

SCALE 0 25 50 100

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN


DEVELOPMENT RECOMMENDATIONS



 ELEVATOR CORE

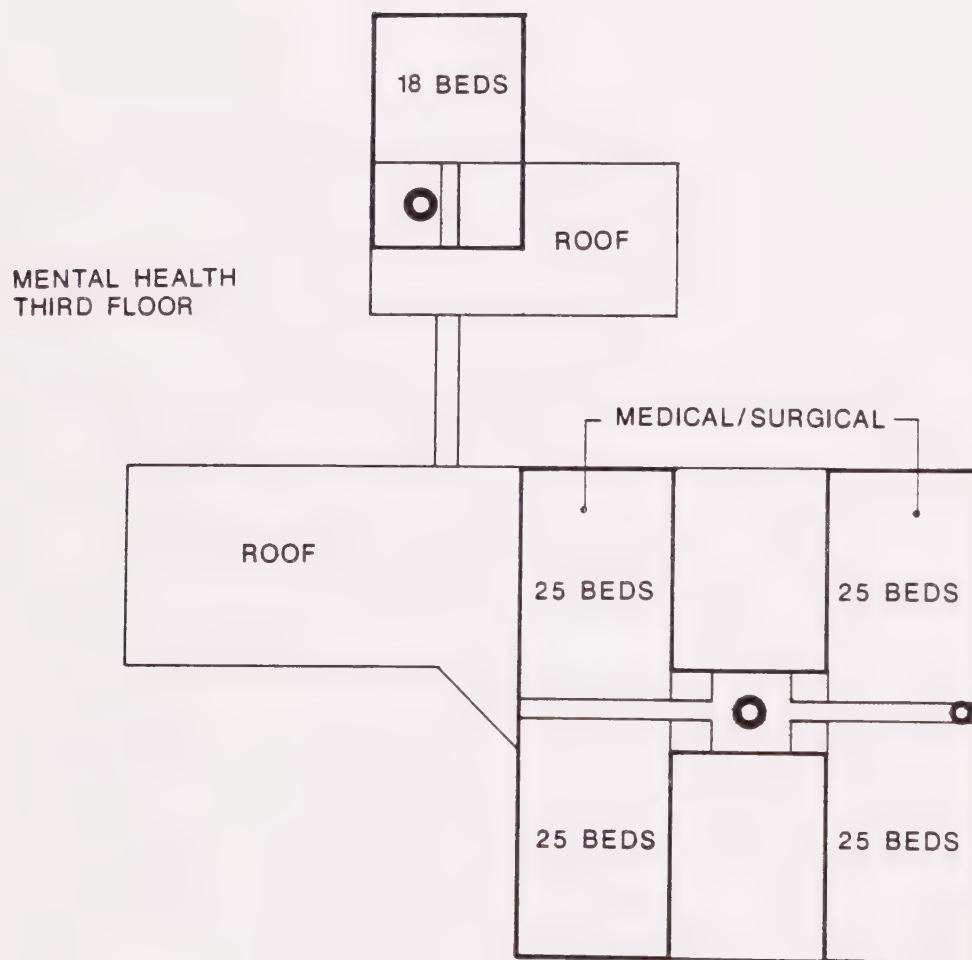


RECOMMENDED THIRD FLOOR PLAN

SCALE  0 25 50 100

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN

DEVELOPMENT RECOMMENDATIONS

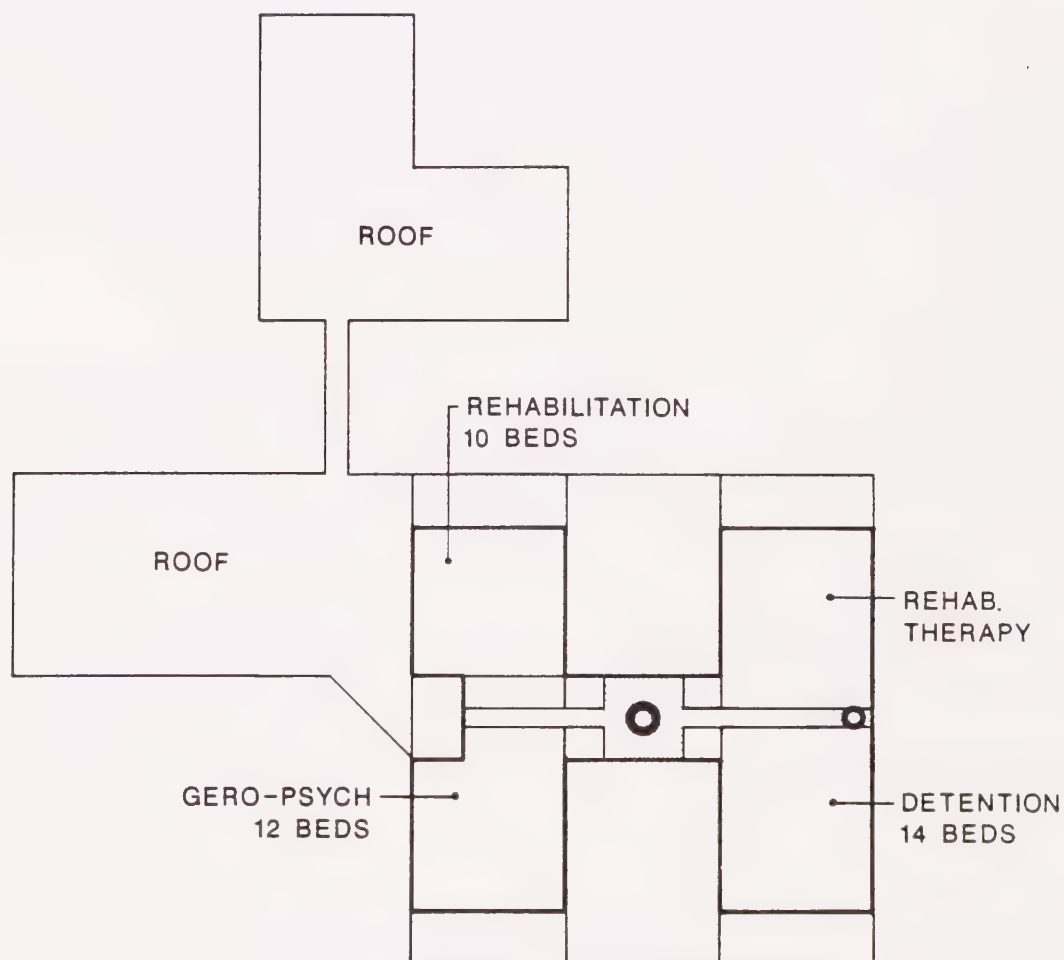


RECOMMENDED FOURTH FLOOR PLAN

SCALE 0 25 50 100

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN

DEVELOPMENT RECOMMENDATIONS

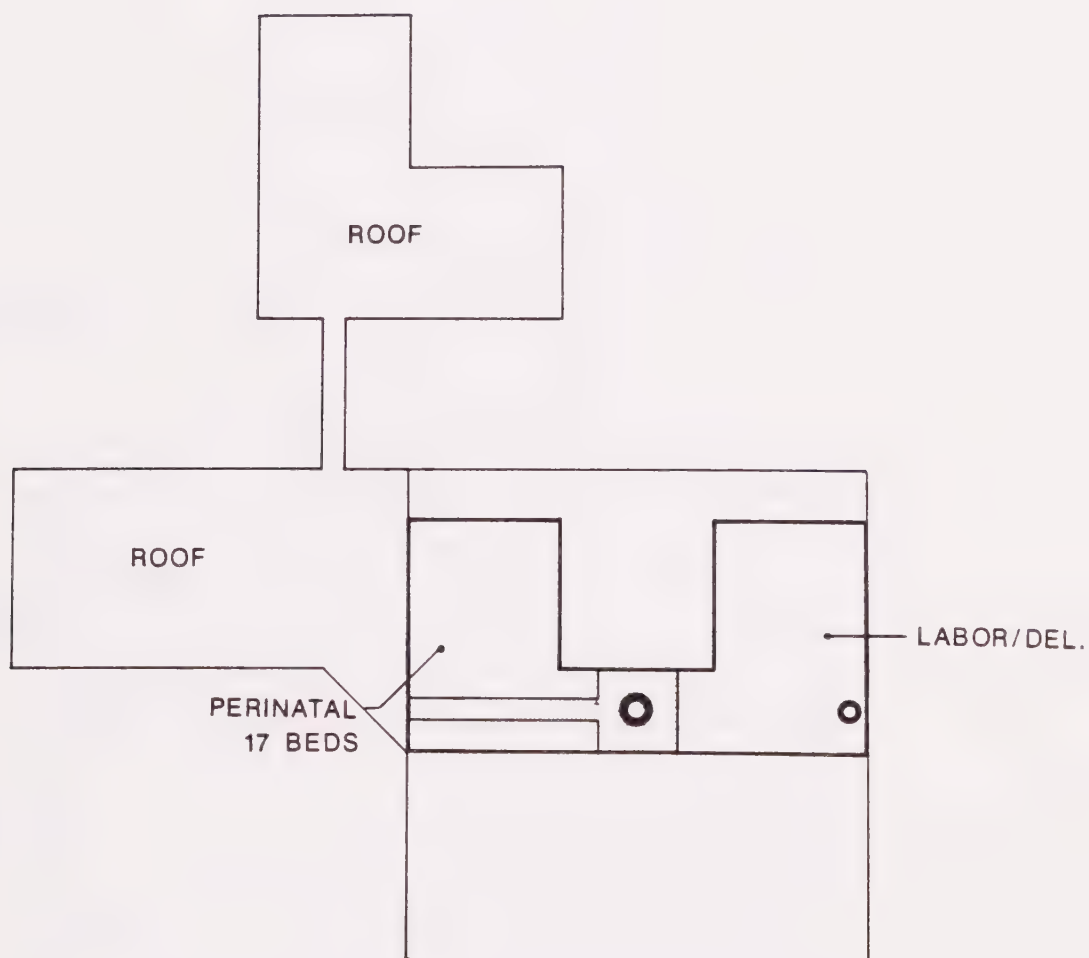


RECOMMENDED FIFTH FLOOR PLAN

SCALE 0 25 50 100

MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN

DEVELOPMENT RECOMMENDATIONS



RECOMMENDED SIXTH FLOOR PLAN

SCALE 0 25 50 100

IMPLEMENTATION AND PROJECT SCHEDULE

This section of the report presents how the recommended plan can be implemented. It identifies the various construction phases and assumes a time table for implementation.

Project Implementation Strategy

The proposed location for the new core hospital is in the area currently occupied by the J & M Wards. These wards house in-patient Psychiatric (Mental Health) and Family Practice, respectively. Before starting the construction of the new core hospital, there are a number of preliminary steps that need to occur. The occupants of J Ward will need to be relocated to new facilities, and the occupants of M Ward may or may not need to be relocated to temporary facilities, depending on the final configuration of the core hospital. Ultimately, Family Practice will be relocated to a new building and M Ward demolished.

Phase I

This phase requires the construction of new in-patient Mental Health Facilities, and a new Central Plant/Maintenance Building. Before either of these can occur, demolition of existing buildings and relocation of existing mobile office units need to be accomplished. Specifically, the vacant L Ward will be demolished, and the south wing of I Ward may need to be demolished. The existing mobile office buildings to the north of L Ward will need to be relocated.

This new Mental Health Building could be constructed in two increments. The first increment would occur to the east of the I Ward. On completion, the occupants of I Ward would move into the new Mental Health first increment. I Ward would then be demolished, and the second increment of construction for Mental Health would be completed. Patients from H Ward and from J Ward would then be relocated to the completed new Mental Health Building, allowing the demolition those two buildings. A new parking area and vehicular entrance to Mental Health will be created on the south side of this new facility.

The Central Plant and Maintenance Building should be completed and operational before the first increment of the Mental Health Building is occupied. This construction will require the removal of an existing temporary building.

Phase IIA

This phase involves construction of the new replacement core hospital. This phase assumes it will be constructed in a singular increment of construction. Other alternatives are available to replace the hospital over time in smaller increments of construction. This would require retention and modifications to some existing buildings and would lengthen the time frame to ultimately replace the existing hospital. On completion, the existing hospital will be vacated and those occupants moved to the new facilities. At the end of this phase of construction, the majority of the existing hospital buildings can be demolished. Space will need to be maintained for the temporary use by Outpatient Clinic areas and Family Practice.

MERRITHEW MEMORIAL HOSPITAL FACILITIES MASTER PLAN

IMPLEMENTATION AND PROJECT SCHEDULE

Phase IIB

The third phase involves construction of a new Outpatient and Family Practice Building on the south side of the core hospital.

Development Schedule

The following description and accompanying schedule outline the major components of the recommended plan and delineate a time frame for implementing the phased construction program.

The schedule assumes a conventional design, bid and construction process. Other design and construction scheduling approaches are available that could accelerate these activities and alter the overall time frame for some of these projects. These should be examined for potential time savings. For this early analysis, however, it is appropriate to use the more conservative, conventional approach.

The schedule indicates overall development time frames for the two primary construction phases and assumes a continuous process. For each of the construction phases, three activities are identified:

Design and Documentation
Review and Bidding
Construction.

Design and Documentation

Design activities include three separate steps:

1. Schematic Design
2. Design Development
3. Construction Documentation

During each of these steps, construction cost estimates should be undertaken, yielding increasingly accurate estimates of construction costs. Following completion of the construction documents, bidding can occur and the contract price established.

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

IMPLEMENTATION AND PROJECT SCHEDULE

Review and Bidding

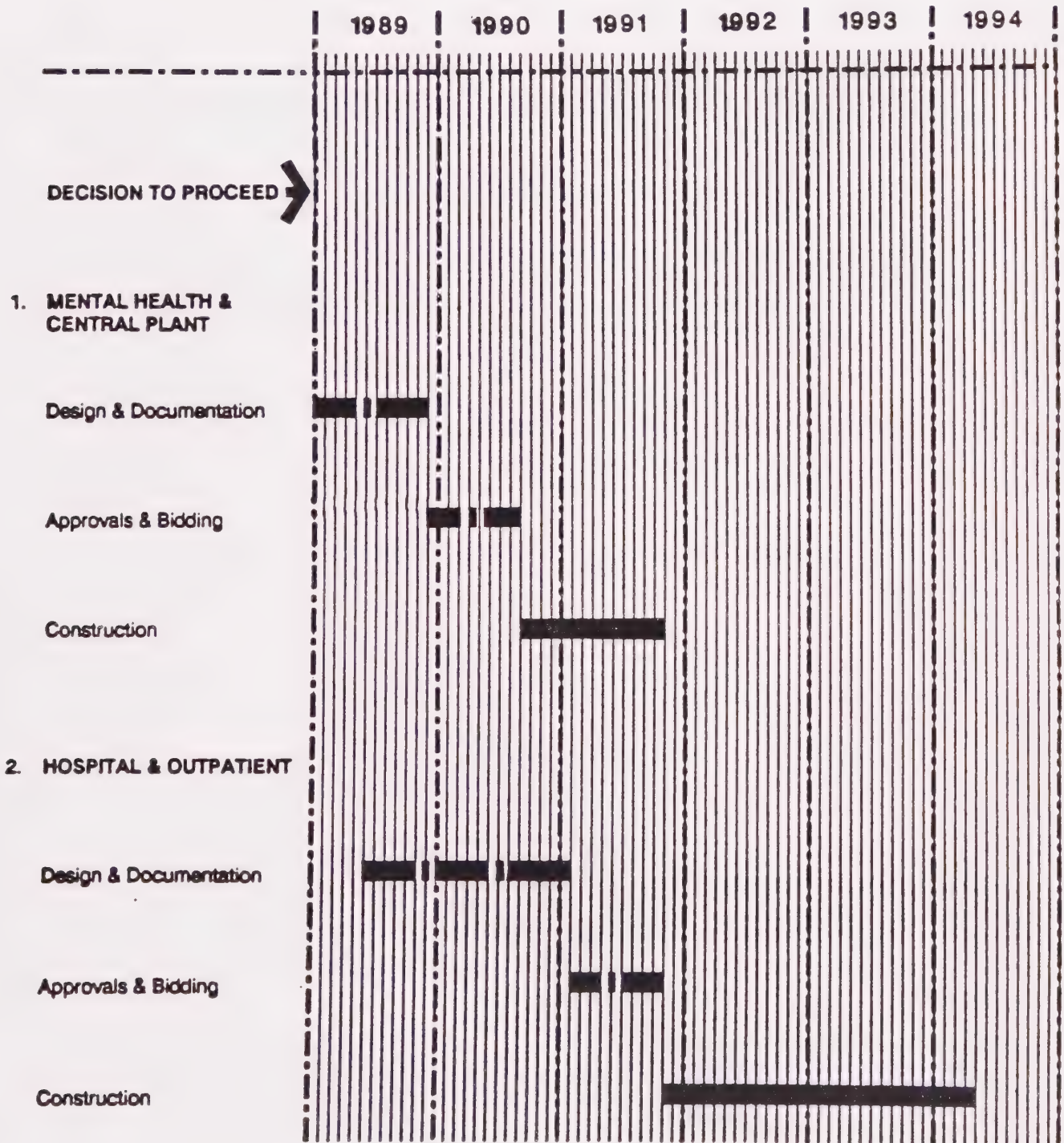
Following completion of construction documentation for hospital projects, reviews with approving agencies (e.g. State Fire Marshal, Office of the State Architect, Office of Statewide Health Planning and Development) can be initiated. This time period is very difficult to estimate due to the variables of agency work load at a future date. The schedule allows for a six-month agency review and approval period, plus three months for bidding and contractor selection.

Construction

Construction refers to the actual building of the new replacement hospital, as well as site development work (i.e. new roads, parking lots, etc.).

**MERRITHEW MEMORIAL HOSPITAL
FACILITIES MASTER PLAN**

IMPLEMENTATION AND PROJECT SCHEDULE



ASSUMED PROJECT DEVELOPMENT SCHEDULE

IV. FINANCIAL PLANNING

FINANCIAL PLANNING

TABLE OF CONTENTS

	<u>Page</u>
IV. FINANCIAL PLANNING	
1. Background	IV.6
2. Basis for the Projection	IV.7
3. Summary of Significant Accounting Policies	IV.7
4. Financing Plan	IV.8
5. Projected Facilities Utilization	IV.11
6. Patient Service Revenue	IV.15
7. Deductions from Revenue	IV.15
8. Other Operating Revenues	IV.18
9. Operating Expenses Excluding Depreciation, Amortization and Interest	IV.19
10. Property, Plant and Equipment, Depreciation and Amortization Expense	IV.20
11. Hospital Bonds and Required Funds	IV.21
12. Other Long-Term Obligations	IV.23
13. Nonoperating Revenues	IV.23



Arthur Young

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Board of Supervisors Contra Costa County

At your request, we have performed certain agreed-upon procedures, as enumerated below, with respect to the accompanying projected statements of revenue and expenses of Merrithew Memorial Hospital (the Hospital) for the periods ending June 30, 1989 through 1996. These projections assume two options available to the County:

- To continue operating the Hospital as before with no major replacement
- To replace the facility in conjunction with major programmatic and product focus, development and promotion.

These options are further described in Note 2. These procedures, which were specified by the Health Services Department of Contra Costa County, were performed solely to assist you in connection with the proposed decision regarding building a replacement hospital. We make no representations as to the sufficiency of these procedures for your purposes. It is understood that this report is solely for your information and should not be used by those who did not participate in determining the procedures.

The agreed-upon procedures that we performed were as follows:

- a. We assisted the management of the Health Services Department in assembling the prospective financial information.
- b. We reviewed the reasonableness of management's assumptions used in the preparation of the projection and provided our comments thereon.
- c. We tested the projection for mathematical accuracy.

Because the procedures described above do not constitute an examination of prospective financial statements in accordance with standards established by the AICPA, we do not express an opinion on whether the underlying assumptions of the prospective financial information provide a reasonable basis for the presentation, given the two options for the County, as described above and in Note 2.

In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the format of the projection should be modified or that the projection is mathematically inaccurate, based on the assumptions as described in Note 2. Had we performed additional procedures or had we made an examination of the projections in accordance with standards established by the AICPA, matters might have come to our attention that would have been reported to you. Furthermore, even if these assumptions occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Arthur Young & Company

November 14, 1988

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	PROJECTED							
				1989	1990	1991	1992	1993	1994	1995	1996
Hospital Operations Statement of Income and Expenses											
Gross Patient Revenues:											
Inpatient	\$31,163,527	\$30,463,247	\$36,651,881	\$36,166,249	\$39,691,576	\$41,307,592	\$42,962,501	\$44,581,582	\$46,371,340	\$48,286,615	\$50,286,321
Outpatient	14,013,904	15,580,498	17,436,052	18,045,015	18,678,459	19,337,240	20,022,373	20,734,911	21,475,950	22,246,631	23,048,199
Other Operating Revenue	336,474	235,487	391,077	320,491	335,068	340,639	346,186	351,299	357,077	363,196	369,482
Total Gross Patient Revenue	45,513,905	46,279,232	54,479,009	54,531,755	58,705,103	60,985,471	63,331,059	65,667,792	68,204,367	70,896,441	73,703,941
Less: Deductions from Revenue	15,563,960	14,669,457	17,218,897	16,490,182	17,818,850	18,488,696	19,103,872	19,644,881	20,185,632	20,413,682	20,876,230
Net Revenue from Patients	29,949,945	31,609,775	37,260,112	38,041,574	40,886,254	42,496,775	44,227,187	46,022,911	48,018,735	50,482,759	52,827,711
Operating Expenses:											
Salaries & Wages	21,809,513	24,793,602	26,961,541	27,652,093	29,239,742	30,508,304	31,828,715	33,183,788	34,627,131	36,148,077	37,741,835
Registry	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	205,806	218,340
Employee Benefits	4,926,443	5,789,917	6,296,184	6,457,445	6,828,200	7,124,441	7,432,789	7,749,232	8,086,288	8,441,467	8,813,648
Supplies	3,879,766	3,919,046	3,923,199	4,180,340	4,589,004	4,898,568	5,227,241	5,569,677	5,944,344	6,348,514	6,781,317
Professional Fees	1,617,793	1,597,844	1,422,699	1,512,619	1,634,208	1,739,569	1,851,505	1,969,153	2,096,308	2,232,668	2,378,294
Purchased Services	3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,233,467	5,552,708
Maint, Utilities & Equip Rental	2,568,803	2,359,510	2,211,901	2,356,357	2,626,027	3,653,191	3,990,403	4,246,626	4,416,436	4,700,685	5,003,409
Management Fees	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,408
Malpractice Insurance	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,148,653	1,206,086	1,266,390	1,329,718
Other	495,230	547,431	523,402	555,329	589,204	625,146	663,279	703,740	746,668	792,214	840,539
Depreciation & Amortization	396,551	612,414	604,236	616,762	625,188	601,134	661,768	722,402	783,036	843,670	904,304
Interest	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
Total Operating Expenses	41,694,443	44,246,369	47,078,828	48,751,407	51,830,133	55,145,083	57,987,005	60,832,318	63,765,303	66,972,016	70,351,251
Net Income from Operations	(11,744,498)	(12,636,594)	(9,818,716)	(10,709,833)	(10,943,879)	(12,648,308)	(13,759,818)	(14,809,407)	(15,746,568)	(16,489,257)	(17,523,540)
Non Operating Revenue											
Investment Income	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Unrestricted Gifts	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634
Other	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931
Total Non Operating Revenue	125,565	125,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565
Net Income	(\$11,618,933)	(\$12,511,029)	(\$9,293,151)	(\$10,184,268)	(\$10,418,314)	(\$12,122,743)	(\$13,234,253)	(\$14,283,842)	(\$15,221,003)	(\$16,963,692)	(\$18,997,975)
All-B Presley Funding *	4,142,259	4,357,440	4,388,826	4,476,602	4,566,134	4,657,457	4,750,606	4,845,618	4,942,530	5,041,381	5,142,209
Net Loss/County Contribution	(7,476,674)	(8,153,589)	(4,904,326)	(5,707,666)	(5,852,180)	(7,465,286)	(8,483,647)	(9,438,224)	(10,278,472)	(10,922,311)	(11,855,767)
Net Income from Operations as a % of Gross Patient Revenue	-25.8%	-27.3%	-18.0%	-19.6%	-18.6%	-20.7%	-21.7%	-22.6%	-23.1%	-23.3%	-23.8%

The accompanying notes and summary of significant projection assumptions underlying the projected statements of revenues and expenses.

* Presley Funding may be available for some periods but is not reflected in these figures

EXHIBIT 22

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
Hospital Operations Statement of Income and Expenses											
Gross Patient Revenues:											
Inpatient	831,163,527	830,463,247	836,651,881	839,195,252	844,577,500	848,847,310	853,362,807	857,899,195	861,977,536	867,445,665	873,435,638
Outpatient	14,013,904	15,580,498	17,436,052	18,101,067	18,825,110	19,578,114	20,361,239	21,208,475	22,091,568	23,417,062	24,822,086
Other Operating Revenue	336,474	235,487	391,077	320,491	337,347	349,002	360,293	374,014	383,426	398,188	414,250
Total Gross Patient Revenue	45,513,905	46,279,232	54,479,009	57,616,810	63,739,956	68,774,426	74,083,340	79,481,684	84,452,530	91,260,915	98,671,974
Less: Deductions from Revenue	15,563,960	14,669,457	17,218,897	18,341,640	20,938,105	22,999,802	25,192,420	27,189,907	29,067,171	31,282,589	33,974,374
Net Revenue from Patients	29,949,945	31,609,775	37,260,112	39,275,170	42,801,851	45,774,623	48,891,119	52,291,777	55,385,359	59,978,327	64,697,600
Operating Expenses:											
Salaries & Wages	21,809,513	24,793,602	26,961,541	27,652,093	29,336,620	30,876,322	32,471,310	34,254,629	35,912,800	37,915,226	40,081,778
Registry	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	209,491	226,250
Employee Benefits	4,926,443	5,789,917	6,296,184	6,457,445	6,850,824	7,210,382	7,582,851	7,999,300	8,386,524	8,854,140	9,360,083
Supplies	3,879,766	3,919,046	3,923,199	4,233,626	4,679,101	5,082,799	5,509,611	6,005,397	6,464,356	7,048,894	7,699,889
Professional Fees	1,617,793	1,597,844	1,422,699	1,522,818	1,651,535	1,775,168	1,906,326	2,054,150	2,198,231	2,393,067	2,608,816
Purchased Services	3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,327,186	5,753,361
Maint, Utilities & Equip Rental	2,568,803	2,359,510	2,211,901	2,356,357	2,510,357	2,700,467	2,877,092	3,129,893	3,304,539	3,584,015	3,830,817
Management Fees	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
Malpractice Insurance	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,159,593	1,229,169	1,327,502	1,433,702
Other	495,230	547,431	523,402	555,329	589,204	625,146	663,279	703,740	746,668	806,401	870,913
Depreciation & Amortization	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,523,223	5,881,931
Interest	490,836	111,905	291,218	292,506	424,138	500,806	842,660	1,336,974	1,487,922	9,605,091	9,470,812
Total Operating Expenses	41,694,443	44,246,369	47,078,828	48,814,892	52,095,112	55,118,228	58,910,276	63,187,676	67,129,705	82,104,568	87,756,753
Net Income from Operations	(11,744,498)	(12,636,594)	(9,818,716)	(9,539,722)	(9,293,261)	(9,343,605)	(10,019,157)	(10,895,899)	(11,744,345)	(22,126,241)	(23,059,154)
Non Operating Revenue											
Investment Income	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Unrestricted Gifts	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634
Other	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931
Total Non Operating Revenue	125,565	125,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565
Net Income	(811,618,933)	(812,511,029)	(99,293,151)	(99,014,157)	(88,767,696)	(88,818,040)	(99,493,592)	(810,370,334)	(811,218,780)	(821,600,676)	(822,533,589)
AB-B	4,142,259	4,357,440	4,388,826	4,476,602	4,566,134	4,657,457	4,750,606	4,845,618	4,942,530	5,041,381	5,142,209
Presley Funding	0	0	0	0	525,771	570,032	892,558	1,199,350	1,583,841	6,906,892	6,846,467
Net Loss/County Contribution	(7,476,674)	(8,153,589)	(4,904,326)	(4,537,555)	(3,675,791)	(3,590,552)	(3,850,428)	(4,325,366)	(4,692,409)	(9,652,403)	(10,544,914)
Net Income from Operations as a % of Gross Patient Revenue	-25.8%	-27.3%	-18.0%	-16.6%	-14.6%	-13.6%	-13.5%	-13.7%	-13.9%	-24.2%	-23.4%

The accompanying notes and summary of significant projection assumptions underlying the projected statements are an integral part of the projected statements of revenues and expenses.

Contra Costa County
Merrithew Memorial Hospital
Comparison of Base Case (Option I) and New Hospital (Option II)

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
Net Loss/County Contribution-Base Case	(7,476,674)	(8,153,589)	(4,904,326)	(5,707,666)	(5,852,180)	(7,465,286)	(8,483,647)	(9,438,224)	(10,278,472)	(10,922,311)	(11,855,767)
Additional Net Revenue	0	0	0	1,233,597	1,915,598	3,277,848	4,663,932	6,268,866	7,366,624	9,495,568	11,869,889
Less:											
Additional Operating Expenses (Excluding Depr, Amort, Int)	0	0	0	(63,485)	(111,256)	278,935	(16,538)	(735,832)	(1,119,026)	(2,096,634)	(3,205,789)
Depreciation & Amortization	0	0	0	0	0	0	(312,800)	(531,278)	(1,006,180)	(3,679,553)	(4,977,627)
Interest	0	0	0	0	(153,723)	(252,080)	(593,934)	(1,088,248)	(1,239,196)	(9,356,365)	(9,222,086)
Total Operating Expenses	0	0	0	(63,485)	(264,979)	26,855	(923,271)	(2,355,357)	(3,364,402)	(15,132,552)	(17,405,502)
AB-8	0	0	0	0	0	0	0	0	0	0	0
Presley Funding	0	0	0	0	525,771	570,032	892,558	1,199,350	1,583,841	6,906,892	6,846,467
Net Loss/County Contribution-New Hospital	(7,476,674)	(8,153,589)	(4,904,326)	(4,537,555)	(3,675,791)	(3,590,552)	(3,850,428)	(4,325,366)	(4,692,409)	(9,652,403)	(10,544,914)
Additional Net Loss/County Contribution	0	0	0	1,170,112	2,176,390	3,874,735	4,633,219	5,112,858	5,586,063	1,269,908	1,310,853

The accompanying notes and summary of significant projection assumptions underlying the projected statements are an integral part of the projected statements of revenues and expenses.

**MERRITHEW MEMORIAL HOSPITAL
SUMMARY OF SIGNIFICANT
ASSUMPTIONS UNDERLYING THE
PROJECTED FINANCIAL STATEMENTS
YEARS ENDING JUNE 30, 1989-1996**

1. BACKGROUND

Merrithew Memorial Hospital (MMH) is owned and operated by Contra Costa County (the County). It is a full-service inpatient hospital with 191 beds, and also provides mental health, geriatric, and outpatient services. The Hospital campus currently contains a number of separate component facilities, as well as a main hospital complex composed of several wings. The wings are located on different levels of a hillside, and are connected by a roof structure and a partially enclosed corridor. The oldest portions of the hospital complex date back to 1914, and the major portions of the main hospital were constructed in the 1940s and 1950s. The buildings and systems are almost all out of date and at the end of or beyond their projected useful lives. They are still in service through the continued maintenance work of the County and General Services Department. The facilities generally do not meet the standards of current health, safety, building and engineering codes. In short, the Hospital has been characterized by both supporters and detractors as antiquated and beyond repair.

In Contra Costa County, the burden of uncompensated care borne by Merrithew Memorial Hospital is nearly 60% of total uncompensated charges in the County. In addition, the population served by the Hospital brings a variety of health problems associated with marginal economic status, and the inefficient physical facilities have presented additional challenges to County management.

The Board of Supervisors approved, in concept, the recommendation of the Health Services Director to replace the facility with a smaller, modern facility, but requested verification of the feasibility of such a replacement project. The County then engaged Arthur Young to determine the feasibility of constructing a replacement to the Hospital.

Feasibility was to be evaluated in terms of availability of funding, alternative funding sources, and impact on the County's General Fund contribution to the Health Services Department. In addition, Arthur Young was to project service volumes, recommend optimal program configuration and size, estimate operational and staffing costs, develop a preliminary functional and space program, and estimate project costs.

In addition, the County requested a special focus on evaluation of additional programs to provide the full continuum of care for geriatric patients, perhaps under the umbrella of a Geriatrics Institute.

2. BASIS FOR THE PROJECTION

The financial projection presents Contra Costa County management's estimate of the results of operations for the projection period, assuming the County pursues one of the options described below. Accordingly, the projection reflects management's judgment as of July 19, 1988, based on present circumstances, of the set of conditions and its course of action. The assumptions presented herein, upon which the projected financial statements are based, are those which management believes are significant to the projection or are key factors upon which the projected financial results of the County will depend. It is usually the case that one or more of the assumptions do not materialize because events and circumstances do not occur as expected and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period probably will vary from the projected results, and the variations may be material.

Option I; Base Case (Status Quo): This projection assumes that the County will continue to operate its existing facility and no major replacement will be attempted. Option I assumes a continuing loss of market share in Medicare and Medi-Cal population segments, resulting in services being provided almost exclusively to indigents.

Option II; Replacement Hospital: This projection assumes that the County will modify its geriatrics, obstetrics and AIDS programs and build a 227 bed replacement facility in Martinez. It is assumed that MMH will implement the Geriatrics, Obstetrics/ Women's Health and AIDS programs in 1989. The construction project is divided into the following two phases:

- Mental Health and Central Plant/Maintenance Building
- Core Hospital and Outpatient/Family Practice Building

These two phases will become fully operational in November 1991 and May 1994, respectively. Option II assumes increased market shares in Medicare and Medi-Cal, and increased Health Plan enrollment while allowing continued care for indigents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation and presentation of the accompanying projected financial statements are presented below.

Patient Service Revenue - Patient service revenue is recorded on the accrual basis of accounting in the period in which services are provided at established rates, whether or not collection in full is anticipated. Contractual and charitable allowances, the results of other arrangements for providing services at less than established rates and the provision for uncollectible accounts are reported as deductions from patient revenue. Contractual adjustments include differences between established billing rates and amounts estimated by management as reimbursable under various cost reimbursement formulas on contracts in effect. Normal estimation differences between final settlements and amounts accrued in previous years are reported as current year contractual adjustments.

Interest Income - Interest income earned on invested funds is reflected as nonoperating revenues.

Property, Plant and Equipment - Property, plant and equipment are recorded at cost, less accumulated depreciation. Donated assets are recorded at fair market value at the date of the contribution and are subsequently considered as being on the cost basis.

Depreciation is computed using the straight-line method based on the estimated useful lives of the various classes of assets. Lease costs which have been capitalized are amortized over the life of the lease. Lease amortization is included in depreciation expense.

Interest Expense - Interest expense applicable to construction is capitalized as part of construction-in-progress. The amount of interest capitalized is the interest cost of the restricted tax-exempt borrowings less any interest earned on temporary investment of the proceeds of those borrowings during the period of construction.

4. FINANCING PLAN

The County plans to utilize the proceeds of the proposed financing plan to purchase capital equipment and construct a replacement facility. It is anticipated that the two construction phases of the building project will be completed by November 1991 and May 1994, respectively (see Note 2).

The estimated sources and uses of funds for the project are summarized in the table below and presented in detail in Figure IV.1 on the following page.

MERRITHEW MEMORIAL HOSPITAL
SOURCES AND USES OF FUNDS
(in thousands of dollars)

Sources of Funds

Bond Proceeds	\$123,833
Interest earnings on available project funds (a)	26,831
Hospital Contribution (b)	1,200
Total Sources	<u>\$151,864</u>

Uses of Funds

Construction (c)	\$ 69,733
Capital equipment expenditures (c)	16,302
Professional fees	9,066
Funded interest (d)	41,289
Debt issuance costs (e)	3,500
Bond Reserve Fund (f)	11,974
	<u>\$151,864</u>

- (a) Assumes an annual investment rate of 8.25 percent for the balances in the Construction Fund, the Capitalized Interest Fund and the Bond Reserve Fund during the period of construction.
- (b) Assumes the Hospital will contribute this amount to the project.
- (c) Construction, equipment and other costs have been estimated by management and construction consultants.
- (d) Interest on the portion of the bond proceeds allocable to the construction and renovation projects for the period from 1990 to 1996.
- (e) Includes legal fees, consulting fees, printing and other miscellaneous expenses.
- (f) Based on the maximum annual debt service for both principal and interest payments assuming an annual interest rate of 8.35 percent.

FIGURE IV.1
MERRITHEW MEMORIAL HOSPITAL
PROJECT COSTS
(000s)

<u>Estimated</u>	<u>Total</u>
Construction	
Mental Health	\$ 7,689
Central Plant	2,729
Hospital	55,073
Outpatient	<u>4,245</u>
Total Construction*	69,733
Project Related	
Mental Health	999
Central Plant	355
Hospital	7,160
Outpatient	<u>552</u>
Total Project Related	9,066
Equipment	
Mental Health	923
Central Plant	0
Hospital	14,870
Outpatient	<u>509</u>
Total Equipment	16,302
Total	
Mental Health	9,611
Central Plant	3,081
Hospital	77,103
Outpatient	<u>5,306</u>
Total	<u><u>\$95,101</u></u>

*Includes scope and design contingency of 15%

5. PROJECTED FACILITIES UTILIZATION

Trend analyses were performed based on three-year actual historical utilization during years 1986, 1987 and annualized 1988. The patient day projections for the years ending June 30, 1989 through 1996 are based upon 8 month annualized 1988 data.

More specifically, the analyses performed and factors considered include the following:

- Identification of the geographic service area from which MMH has historically drawn patient admissions
- Review of published demographic and socioeconomic statistics for MMH's service area and the entire County, including historic and projected population growth and age trends
- An analysis of historical market share trends
- An analysis of the impact of increased patient days for geriatric, obstetric and AIDS services.

Patient Origin and Service Area - An analysis of patient admissions by zip code of patient residence for the calendar years 1984, 1985 and 1986 was the basis for defining MMH's primary and secondary service areas. The primary service area for the Hospital consists of Martinez and Pittsburg. The primary service area accounted for 30.1 percent of total admissions in 1985. The three secondary service areas for the Hospital include:

- Concord - Concord and Walnut Creek
- Richmond - Richmond, San Pablo and Rodeo
- Antioch - Antioch, Brentwood and Oakley

In 1985, the Concord, Richmond and Antioch secondary service areas accounted for 23.2 , 21.7 and 10.7 percent of total admissions, respectively. The primary and secondary service areas for the Hospital are assumed to remain constant on an overall basis for the projection period.

Demographic Characteristics - In order to assess the demographic factors that influence health care utilization and compensation, an analysis was made of key socioeconomic and demographic statistics for the service area population and for the entire County. Historical data is based on the 1980 U.S. Census, with population projections developed by National Planning Data Corporation.

The table below presents comparative population statistics for MMH's primary and secondary service areas, and for the entire County.

**MERRITHEW MEMORIAL HOSPITAL
COMPARATIVE POPULATION STATISTICS
1980-1996**

	<u>Martinez/ Pittsburg Primary Service Area</u>	<u>Richmond Secondary Service Area</u>	<u>Antioch Secondary Service Area</u>	<u>Concord Secondary Service Area</u>	<u>Contra Costa County</u>
1980 Population	90,691	104,657	58,375	159,887	656,380
1980 Percent Age (Years)					
0-14	24.48%	23.57%	25.96%	20.77%	21.94%
15-44 (Women)	24.81	24.49	24.60	25.75	24.32
65-74	4.95	6.63	5.26	4.91	5.83
75+	2.51	3.42	2.94	3.12	3.44

Source: National Planning Data Corporation

The overall age distribution of the primary and secondary service areas is fairly consistent with that of Contra Costa County. The historical and projected annual population growth rates for the entire County are approximately 1.6 percent for 1980 through 1985, 1.3 percent for 1985 through 1991, and 1.1 percent for 1991 through 1996.

Market Share Trends - The Hospital's historical market share of total patient admissions for the County was approximately 14 percent during 1985 and 1986. Due to deterioration of the facility, the County-wide market share for the Hospital for Option I is projected to decrease to approximately 13 percent in 1990. However, for Option II, assuming the implementation of the Geriatrics, Obstetrics/Women's Health and AIDS programs, the market share for the Hospital is projected to increase approximately 4 percent annually as the marketing force of these programs gains momentum.

Competitive Environment - Six competitive acute care hospitals operate in MMH's primary and secondary service areas. The table below presents key statistics for these institutions.

MERRITHEW MEMORIAL HOSPITAL
PROFILE OF COMPETITORS
Fiscal Year Ending 1986

<u>Facility</u>	<u>Ownership</u>	<u>Licensed Beds</u>	<u>Percent Occupancy</u>	<u>Percent Mkt Share +</u>
Merrithew Memorial	County	311 *	51.9% **	14.12%
Brookside	County	246	41.6	13.88
Delta Memorial	Non-Profit	53	63.8	5.02
John Muir Memorial	Non-Profit	262	68.1	19.67
Los Medanos Community	District	78	64.9	6.85
Doctors-Pinole	Investor	137	62.4	9.40
Mt. Diablo	District	303	60.7	23.31

* 213 available beds.

** Based on Available beds.

+ Based on total patient days for the County.

Source: Hospital Council of Northern California, Discharge Study, 1986.

As seen from the table, MMH maintains 14 percent of the market share of total patient days relative to the six hospitals it considers its main competitors, ranking third to Mt. Diablo and John Muir Memorial which have 23 percent and 20 percent of the market share, respectively.

Patient Service Mix - Under Option I, the occupancy rates for the Hospital are projected to increase to approximately 72 percent for acute care and 100 percent for psychiatric care in 1996. Under Option II, the occupancy rates are projected to increase to approximately 80 percent for acute care and decrease to 85 percent for psychiatric care in 1996 due to the increase in bed capacity in the new facility. The average daily census for psychiatric care will increase from 40 patients per day in the base case to 49 patients per day in the new hospital.

The table below presents historical and projected occupancy rates for Option II for Merrithew Memorial Hospital.

MERRITHEW MEMORIAL HOSPITAL
HISTORICAL AND PROJECTED OCCUPANCY RATES
1986-1996

<u>Years ending June 30,</u>	<u>Acute Licensed Beds</u>	<u>Psych Licensed Beds</u>	<u>Acute Occupancy</u>	<u>Psych Occupancy</u>
Historical				
1986	173	40	44.32%	83.86%
1987	173	40	45.24	84.27
1988 (annualized)	151	40	60.58	86.73
Projected				
1989	151	40	60.20	100.00
1990	151	40	67.30	100.00
1991	151	40	72.03	100.00
1992	151	52	76.63	76.92
1993	151	58	78.91	76.36
1994	154	58	79.44	80.07
1995	169	58	76.24	82.12
1996	169	58	80.11	85.31

The acute occupancy increase in 1988 was due to the increase in Medicare and Medi-Cal patients at the Hospital. In addition, obstetric services increased significantly during the year. The occupancy increases during the projection period are primarily due to the impact of population growth on medical/surgical services, and implementation of the new geriatrics, obstetrics and AIDS programs. It is assumed that Merrithew Memorial Hospital will maintain a constant market share during the projection period.

Outpatient Activity - For Option II, MMH's outpatient activity is assumed to increase 4 percent annually during 1989 through 1994 and 6 percent annually during 1995 and 1996.

6. PATIENT SERVICE REVENUE

Gross inpatient and outpatient revenues are projected based on the projected volume of patient services, the 1988 rate structure and the annual rate increases which pass through assumed annual inflationary cost increases.

The annual rate increase for acute care and psychiatric services at Merrithew Memorial Hospital for Option I is projected to be 2 percent annually between 1990 and 1996. For Option II, the annual rate increase is projected to be 4 percent annually between 1989 and 1996.

7. DEDUCTIONS FROM REVENUE

Deductions from revenue represent estimated contractual allowances, charity care, losses from uncollectible accounts and HMO/PPO discounts. In order to estimate these revenue deductions, projected patient days for each year of the projection period are classified by payor source. This classification is based on the Hospital's current experience adjusted for changes anticipated during the projection period, including the growth of HMOs and PPOs in California. To show the impact of these anticipated changes, the estimated percentage of patient days by payor source for 1988 and 1996 for Option II are compared in the table below.

<u>Merrithew Memorial Hospital</u>	<u>Years ending June 30,</u>			
	<u>1988</u>		<u>1996</u>	
	<u>Acute</u>	<u>Psych</u>	<u>Acute</u>	<u>Psych</u>
Medicare	29.82%	32.46%	37.32%	45.81%
Medi-Cal	34.53	44.21	31.06	35.23
Private Insurance	1.92	2.58	2.66	2.15
Contra Costa Health Plan	25.54	3.81	23.30	3.32
Private Pay	6.42	1.41	4.63	1.12
Other	1.77	15.52	1.03	12.37
	100.00%	100.00%	100.00%	100.00%

Allowances result primarily from anticipated contractual services to patients insured by Medicare, Medi-Cal and other contracts. These allowances represent the difference between billed charges and the amount received or receivable under the provisions of the third-party payment programs.

As a result of the Social Security Amendments of 1983 (the Act), the Medicare program provides for a prospective payment system for inpatient hospital services based on Diagnosis Related Groups (DRGs). This payment system is applicable to hospital fiscal years beginning on or after October 1, 1983 and is being phased in over a five year transition period.

Hospital inpatient services are paid at a predetermined, specific rate for each discharge on a prospective payment system. The Act provides for a transition period during which a declining portion of the total prospective payment will be based on a hospital's historical costs in a given base year, and an increasing portion will be based on regional and national rates per discharge.

The current schedule for Merrithew Memorial Hospital as provided by the amended Act is as follows:

<u>Period</u>	<u>Federal Portion</u>		<u>Hospital-specific portion</u>
	<u>Regional</u>	<u>National</u>	
10/01/86 - 09/30/87	37.50%	37.50%	25.00%
10/01/87 -	0.00%	100.00%	0.00%

The Act, in its present form, provided for annual increases of the various portions of prospective payment per discharge according to increases in the "market basket of hospital goods" as computed by the HCFA (the DRI Health Care Cost Index, computed for HCFA under contract) less 2 percent.

The projection has assumed that for both Options, Medicare PPS blended rates per discharge for the Hospital will increase by 1 percent in 1989; 1.5 percent in 1990 and 1991; 2 percent in 1992 and 1993; 2.5 percent in 1994 and 1995; and 3 percent in 1996.

The Medicare PPS blended rates per discharge for the Hospital are presented in the table below.

MERRITHEW MEMORIAL HOSPITAL
MEDICARE PPS BLENDED RATES
1988-1996

1988	\$4,581.67
1989	4,978.67
1990	5,053.35
1991	5,129.15
1992	5,231.73
1993	5,336.37
1994	5,469.77
1995	5,606.52
1996	5,774.71

Merrithew Memorial Hospital's case mix index, for the projection period, which reflects the intensity of service rendered to Medicare patients, is 1.0708.

The Medicare payment per discharge (the Medicare blended rate multiplied by the Hospital's case mix index) for MMH during the projection period is presented below:

MERRITHEW MEMORIAL HOSPITAL
MEDICARE PAYMENT PER DISCHARGE
1988-1996

1988	\$4,906.05
1989	5,331.16
1990	5,411.12
1991	5,492.29
1992	5,602.14
1993	5,714.18
1994	5,857.03
1995	6,003.46
1996	6,183.56

Most outpatient services provided to Medicare patients will continue to be reimbursed based upon reasonable cost according to the Act. Reimbursement for Medicare outpatient services was projected on a cost to charge relationship throughout the projection period. The cost to charge relationship declines by approximately 1 percent annually during the projection period due to the fact that charges are increasing at a faster rate than expenses.

In 1985, Congress passed the Balanced Budget and Emergency Deficit Control Act (Gramm-Rudman) in an attempt to eliminate the Federal deficit by 1990 through the control of the Federal budgeting process and the gradual reduction of the deficit by specific amounts. Gramm-Rudman allows for a reduction in payment rates of up to 1 percent in fiscal year 1986, and up to 2 percent for each fiscal year thereafter as part of total spending cuts deemed necessary to balance Federal budgets.

On August 20, 1986, the Office of Management and Budget, and the Congressional Budget Office issued a joint resolution reducing Medicare payments for covered services by 2 percent under the initial sequestration report for the 1987 Federal fiscal year as required by Gramm-Rudman. Although the Supreme Court has ruled that the automatic spending limitation mechanism authorized by Gramm-Rudman is unconstitutional, the joint report was issued under a "fallback" provision whereby Congress is required to vote on a resolution setting forth the contents of the report. If the resolution becomes law, the President must follow its terms in issuing a sequestration order. Gramm-Rudman may have the effect of cutting money from certain traditional health care reimbursement programs. The projection does not include any assumption related to the possible impact of Gramm-Rudman.

Capital expenditures are generally defined as depreciation, interest on capital borrowings, insurance on capital items and rent of capital assets. HCFA has invoked a reduction in the amount of reimbursement for capital expenditures. The projection has assumed the 12 percent reduction for Medicare capital reimbursement for 1988 and 15 percent reduction for the remaining eight years of the projection period.

Numerous changes to the final Medicare regulations have been proposed by various Congressional Committees. One of the proposals is to change the method of reimbursing hospitals for capital expenditures from the present cost system to a national average amount per discharge. If these proposals are enacted it could have a significant impact on the amount of Medicare reimbursement.

As a result of California Assembly Bill 799, which was passed in June 1982, acute care hospitals have had to negotiate for service contracts with the State of California for Medi-Cal inpatients. The Medi-Cal reimbursement rate is estimated to increase approximately 3 percent annually from 1989 to 1996.

The Contra Costa Health Plan contains four types of enrollees:

- Medicare
- Medi-Cal
- Private
- Basic Adult Care/MIA

Historically, the Health Plan has paid the Hospital at the rate of 66 percent of charges for services provided to Health Plan patients. For purposes of this project, we have calculated the portion of the premiums collected by the Health Plan which are applicable to services provided by the Hospital and included these amounts in the projections as the premiums collected directly by the Hospital.

For both options, the hospital-specific portion of the Health Plan premiums is assumed to be 78 percent through the entire projection period. Because increases in the contracts are generally limited to the consumer price index increases, the CCHP premiums have been adjusted by 3 percent, 3 percent and 5 percent annually for Medicare, Medi-Cal and Commercial, respectively during the projection period. The Basic Adult Care patient care is reimbursed by the State and is assumed to remain at the 1988 rates in 1989 through 1993 and increase 4 percent in 1995. It is assumed that the reimbursements will remain at the 1995 rate for 1996.

For Option II, based on historical experience, provisions for uncollectible accounts, charity care, CCHP discounts and other allowances are estimated at 30 percent for Commercial and Blue Cross, 83 percent for Self-Pay, and approximately 25 percent for CCHP gross patient revenues for fiscal year 1989. This percentage has been projected to remain constant for all payors except CCHP which is projected to increase to 33 percent in 1996.

8. OTHER OPERATING REVENUES

Other operating revenues consist primarily of other medical services and other non-patient charges. These revenues are expected to increase at an average annual rate of 1.7 percent during the projection period for Option I. For Option II, the annual rate of increase is 3.4 percent.

9. OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION AND INTEREST

The most significant operating expense assumptions include salaries and wages and employee benefits, maintenance, depreciation and interest.

Salaries and Wages and Employee Benefits - Salaries and wages are projected by applying salary and wage rates to staffing levels required to provide services to meet projected demand. Staffing requirements are expressed in terms of full-time equivalent employees (FTEs) per occupied bed, adjusted for service utilization related to outpatient services. Total projected FTEs are based on fixed/variable staffing relationships applied to projected patient activity. Historical and projected total FTEs and FTEs per adjusted occupied bed are presented for Option II in the table below.

MERRITHEW MEMORIAL HOSPITAL HISTORICAL AND PROJECTED FTEs 1986-1996

<u>Years ending June 30,</u>	<u>Total FTEs</u>	<u>FTEs per Adjusted Occupied Bed</u>
Historical		
1986	685	4.00
1987	710	3.93
1988	713	3.58
Projected		
1989	713	3.49
1990	732	3.41
1991	745	3.36
1992	758	3.31
1993	774	3.26
1994	784	3.23
1995	801	3.18
1996	820	3.13

For both Options, average wage and salary rates are based on 1988 rates and are assumed to increase 3.5 percent per year throughout the projection period.

Employee benefits will approximate 23 percent of salaries and wages for the projection period. Employee benefits include social security taxes, unemployment insurance, workers' compensation, group health insurance, pension plan contributions, and other. Management does not anticipate any new employee benefits during the projection period.

Maintenance Costs - For Option I, it is assumed that the Hospital will have to continue substantial repairs to the building, forcing maintenance costs to increase to approximately \$1.9 million in 1996.

However, for Option II, maintenance costs are significantly lower. It is assumed that construction of the new facility will allow the Hospital to reduce necessary maintenance on the existing building. Maintenance costs in 1996 are assumed to be approximately \$600,000.

Interest - For Option II, due to capitalization of interest and interest on the unexpended bond proceeds during the construction phase of the project, the interest expense is estimated to be approximately \$.4 million in 1990 and \$1.5 million in 1994. However, at the completion of the project, interest is no longer capitalized and all bond proceeds will be expended; therefore, the interest expense will increase to approximately \$9.5 million in 1996.

Supplies and Other Operating Expenses - Supplies and other operating expenses are based on future utilization estimates and historical fixed/variable expense patterns for each cost category. It is assumed that inflationary increases for rent will average 6 percent annually during the remainder of the projection period. For utilities, it is assumed that annual inflation increases will be 7.5 percent during the projection period. However, utility expense per new square foot is assumed to decrease from \$9.85 in 1994 to \$6.35 in 1995 when the Hospital opens, due to a more efficient building. Malpractice insurance expense is projected assuming annual inflation increases of 5 percent for 1989 through 1992; 6 percent for 1993 and 1994; and 8 percent for 1995 and 1996. For Option I, the malpractice inflation rates is assumed to remain constant at 5 percent. Maintenance, "other" fixed and registry expenses are projected to increase 6.1 percent annually in 1989 through 1994 and 8 percent annually in 1995 and 1996. For Option I, the rate of increase remains constant at 6.1 percent. For Option II, fixed and variable professional fees are assumed to increase by 5.5 percent annually from 1989 to 1994 and by 6.5 percent annually in 1995 and 1996. In Option I, the annual rate of increase is assumed to remain constant at 5.5 percent. For both options, supply expense is assumed to increase at an annual rate of 5 percent with management fees increasing at an annual rate of 5.5 percent.

10. PROPERTY, PLANT AND EQUIPMENT, DEPRECIATION AND AMORTIZATION EXPENSE

Estimated provisions for depreciation for fiscal years 1989 through 1996 are computed based upon the straight-line method for the Hospital's present and proposed buildings and equipment.

For Option II, the total estimated depreciable cost of the proposed building project is approximately \$.5 million in 1993, approximately \$.9 million in 1994 and \$3.1 million in 1995 and 1996. The first year of depreciation for the building project is assumed to be fiscal year ending June 30, 1993.

Bond issuance costs, including the legal fees, consulting fees, printing and other miscellaneous expenses are estimated at \$3,500,000. These costs have been amortized over the life of the bonds on a straight-line basis.

11. HOSPITAL BONDS AND REQUIRED FUNDS

Contra Costa County plans to finance the proposed project primarily with the issuance of a \$124 million bond. There are several options available to Contra Costa County for financing. These include:

- Certificates of Participation
- General Obligation Bonds
- CHFFA County Pool Series A
- CHFFA County Pool Series B
- County Municipal Lease
- Non-Profit Corporation Revenue Bonds

- Certificates of Participation - Certificates of participation can be issued by the County on either a competitive or negotiated basis. They can be structured on either a fixed or variable rate basis as a lease and leaseback. Certificates due require an annual appropriation clause in consideration for the use and occupancy of the facility. Issuance of certificates by the County provide the most flexible of alternatives available for the financing of major capital expenditures. Our projections for constructing the replacement facility assume this type of financing.

- General Obligation Bonds - These bonds are repaid from ad valorem taxes on assessed real property located within the County. General obligation bonds are one of the least expensive avenues available for the financing of public projects. The costs of issuance are lower and the interest rates are typically between .25 percent and .50 percent lower than comparable revenue bond or certificate issues. These bonds however, can be secured by fixed rate debt only.

- CHFFA County Pool Series A - The 1986 Series A bonds were issued by the CHFFA with proceeds from their sale used to fund a bond reserve fund. Project fund proceeds are to be used for financing the acquisition, construction, and installation of health facilities. These bonds are structured on a variable rate basis and must be secured by a letter of credit. In addition, the annual bank credit fee is payable at a maximum rate of .6 percent per annum of the lease amount.

- CHFFA County Pool Series B - These bonds are identical to the Series A bonds with the exception of the following items:
 - Letter of credit is issued by a different corporation.
 - Bonds carry a variable rate until August 1, 1989, after which the interest rate will be fixed if the fixed rates fall at or below 7.50 percent.
 - An additional one-time 1.5 percent discount is set aside in the event the bonds are converted to a fixed rate.
 - The annual bank credit fee is payable at a maximum rate of .5 percent per annum of the lease amount.
- County Municipal Lease - Municipal leases are generally used for the financing of assets having a useful life of ten years or less. These leases are structured to transfer title to the lessee at the outset or at the lease termination date. Municipal leases can be structured on a fixed or variable basis and are usually used for short term financing of equipment.
- Non-Profit Corporation Revenue Bonds - These bonds are issued by a non-profit corporation which is established by the County. They can be secured by revenues of the Hospital enterprises fund or the County's general fund and can be issued as variable or fixed rate debt. This financing mechanism is very similar in design and flexibility as can be achieved through the issuance of Certificates of Participation by the County.

Hospital Bonds

The bonds are expected to have the following debt service requirements:

- An average annual bond interest rate of 8.35 percent
- The funds are assumed to be available for construction and reimbursement for capital expenditures during fiscal year ending June 30, 1990
- The average life of the bonds is 30 years. Principal and interest was assumed to be paid on a serial basis. Summarized below are the interest and principal payments during the projection period.

<u>Years ending June 30,</u>	<u>Interest Payments</u>	<u>Principal Payments</u>
1990	1,566,233	0
1991	2,526,912	0
1992	4,409,400	0
1993	7,059,084	0
1994	9,462,086	0
1995	10,371,022	1,603,336
1996	10,236,743	1,737,615

It is assumed that the following trustee-held funds will be established upon receipt of the bond proceeds:

- Construction Fund - All funds to be expended to pay for capital expenditures shall be deposited into the Construction Fund
- Capitalized Interest Account - Funds shall be deposited which, together with interest earned thereon, will be sufficient to make two years of interest payments on the bonds related to construction during the period of construction

12. OTHER LONG-TERM OBLIGATIONS

As of June 30, 1988, Merrithew Memorial Hospital has no long-term debt obligations.

13. NONOPERATING REVENUES

Projected nonoperating revenue consists primarily of interest income earned on both bond related funds, board designated funds, unrestricted fund investments and income from partnership investments. Interest income on the bond related funds was calculated using a rate of return of 8.25 percent.

V. RECOMMENDATIONS

V. RECOMMENDATIONS

The strategic, architectural and financial planning phases of this study resulted in a series of recommendations which ultimately support the County's decision to build a replacement hospital.

We recommend that the County's most appropriate future role include the following components. The County should:

- Continue meeting the growing needs of Medi-Cal and other economic groups for physician and acute medical services
- Expand and enhance services to geriatric populations in specialized areas, beginning with the existing strong medical/psychiatric program
- Use the County's strong presence in the obstetrics market to expand and enhance the continuum of services to women and their families
- Respond to unmet community needs which the private health system cannot or will not provide for, such as AIDS
- Enhance physician practice and clinics to compensate for declining private sector availability while also supporting the County Health Plan
- In conjunction with the above programmatic strategies, seek appropriate regional cooperative opportunities to use Merrithew Memorial Hospital resources to meet health care needs.

The recommended configuration for the replacement hospital is a 227 bed, six story building with adjoining outpatient/family practice and mental health facilities. The development recommendations include the following:

- The hospital will be accessed directly from city streets with a separate access point for Emergency, Mental Health and Family Practice
- A major new parking lot is proposed for development with access to the main hospital. Separate parking should also be developed to serve the Emergency Room, Mental Health, and Family Practice.
- The first floor of the main hospital will contain the Radiology and Emergency Room, Registration, Admissions, and Medical Records

- The second floor of the main hospital will contain primary service departments of CSR, General Stores, Food Service, Laboratory, and Pharmacy
- The third floor will contain Surgery, Critical Care and Cardiopulmonary units
- The fourth floor will be the Medical-Surgical Nursing Unit with four nursing units clustered about the central core of service and patient elevators
- The fifth floor will contain the Rehabilitation Therapy, Rehabilitation Nursing unit, Gero-Psychiatric Nursing unit and Detention Nursing units.
- Only half of the sixth floor is planned for development and contains a seventeen bed Perinatal unit, New Born Nursery and Labor/Delivery Suite.

Both the building and the site organization have been given careful consideration relating to the future expansion of the hospital. Those primary hospital departments which are likely to experience the greatest amount of change or growth are located on the lower floor levels. The primary expansion area for the core hospital is to the north. This expansion area will allow for expansion of radiology and emergency, food service, materials management, and surgery, as required. Above this base expansion additional nursing unit floors can be added as required. The Outpatient/Family Practice Building is located to allow future expansion to the south into the adjacent parking lot. If, over time, parking areas are lost to building expansion, consideration will need to be given to parking structures at that time.

The proposed location of the new core hospital is in the area currently occupied by the Mental Health and Family Practice wards. Before starting construction, the occupants of these wards will need to be relocated.

The replacement hospital will be developed in two continuous phases. The first phase requires the construction of the Mental Health Building and the new Central Plant/Maintenance Building. The second phase involves the construction of the main hospital and Outpatient/Family Practice Building. The implementation and project schedule is illustrated on page III.110 (Architectural Planning Section).

The project will cost an estimated \$95 million to complete assuming continuous construction. The detailed costs are illustrated on page IV.10 (Financial Planning Section). If all project costs are borrowed, the County will need to obtain approximately \$124 million in bonds to fund this project.

Arthur Young was engaged to determine the feasibility of constructing a replacement hospital for the County. Feasibility was to be evaluated in terms of availability of funding, alternative funding sources and impact on the County's General Fund contribution to the Health Services Department.

The availability of funding, as described in Note 11 on page IV.21, has been recently affected by the SB 1732, Medi-Cal capital supplement bill (authored by Senator Robert Presley of Riverside), and the tobacco tax initiative (Proposition 99). SB 1732 (the Presley Bill) permits hospitals contracting to provide Medi-Cal inpatient hospital services and who meet specified criteria to receive reimbursement in addition to their Medi-Cal contract reimbursement for a portion of the costs of capital projects approved by the California Medical Assistance Commission. The projections include Presley funding which is calculated based on 45 percent (assumed Medi-Cal payor mix) of the depreciation, interest and amortization expense for the new hospital. The County has chosen to reflect the income from the Presley fund on the Hospital's financial statements based on the annual depreciation, interest and amortization. This differs from the method in which the proceeds will be distributed. Approximately 45 percent of the revenue gained from the tobacco tax is expected for additional funding for indigent health care services. This is estimated by the Attorney General's Offices to generate \$293 million. Proposition 99 revenues have not been included in these projections.

Alternative sources of funding are summarized in Note 11 on page IV.21. The following schedule outlines the additional County General Fund contribution to fund the replacement hospital.

ADDITIONAL
COUNTY CONTRIBUTION
\$ 000's

<u>1989</u>	<u>1990</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
(1,170)	(2,176)	(5,586)	(1,270)	(1,310)

All of the above recommendations have met the following objectives identified at the start of the study:

- The County provides services for which a demonstrable need exists
- The programs capitalize on the County's existing strengths
- Maximum use is made of private sector resources
- The future health care needs of the elderly poor and medically underserved are met

The final objective was that the selected course of action is reasonably affordable. Ultimately, this is a determination that can only be made by the Board of Supervisors. The projections indicate, when compared to the base case, that construction of the replacement hospital can be accomplished without an increase in the County's contribution in 1996, the year after the replacement facility is projected to be completed. The Board of Supervisors should determine if, given the County's mission and current legislative developments, the operating results and construction costs as defined in Exhibits 21-23 meet the criteria of being reasonably affordable.

APPENDIX A - PATIENT DAY PROJECTIONS

APPENDIX A
TABLE OF CONTENTS

	<u>Schedule</u>
Population Projections	1.0
Payor Specific Population, Use Rate and Market Share - Base Case	1.1.1
Base Case Patient Day Acute vs. Psychiatric Allocation Percentages	1.1.2
Base Case Patient Day Projections	1.1.3
Payor Specific Population, Use Rate and Market Share - Program Alternative	1.2.1
Program Alternative Patient Day Acute vs. Psychiatric Allocation Percentages	1.2.2
Program Alternative Patient Day Projections	1.2.3

Schedule 1.0
Contra Costa County
Population Projections

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Population by Age										
Total	727,164	737,722	748,433	759,300	767,518	775,825	784,222	792,709	801,289	809,961
over 65	79,092	81,708	84,425	87,250	89,856	92,558	95,359	98,263	101,274	104,398
under 65	648,072	656,014	664,008	672,050	677,662	683,267	688,863	694,447	700,015	705,564
over 65 Kaiser	14,781	15,270	15,778	16,305	16,792	17,297	17,821	18,363	18,926	19,510

Population by Payor (1)

Medi-Cal	46,625	46,911	47,085	47,254	47,331	47,403	47,469	47,661	47,852	48,042
Commercial	416,305	419,739	424,941	430,161	433,669	437,154	440,610	443,902	452,258	456,067
Kaiser	174,222	176,357	178,506	180,668	182,176	183,683	185,188	186,689	188,186	189,677
CC Health Plan										
Medi-Cal	4,250	5,288	5,552	5,830	6,121	6,427	6,748	7,086	7,440	7,812
MIA/BAC	3,627	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636
Commercial	3,042	4,084	4,288	4,502	4,727	4,964	5,212	5,472	5,746	6,033
65		130	237	429	429	429	429	429	429	429
Other/Short Doyle	417,221	419,387	421,927	423,689	425,441	427,183	428,914	430,634	432,341	434,034
Medicare	79,092	81,708	84,425	87,250	89,856	92,558	95,359	98,263	101,274	104,398

Growth Rate Percentages

over 65	3.3%	3.3%	3.3%	3.0%	3.0%	3.0%	3.0%	3.1%	3.1%
under 65	1.2%	1.2%	1.2%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Total	1.5%	1.5%	1.5%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%

(1) Total of population figures by payor will not equal total population because population under 65 is used as the reference group for several payor categories.

Source: National Planning Data Corporation
Hospital Council of Northern California, 1986 East Bay Discharge Summary

Schedule 1.1.1
 Contra Costa County
 Payor specific population, use rate (1) & market share
 Base Case

	1987				1988				1989			
	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days
TOTAL	299,707			40,908	309,949			46,053	323,385			46,011
MediCal (2)	34,433	738.51	25.6%	8,821	34,644	738.51	31.3%	10,836	34,772	738.51	32.5%	11,286
Commercial	80,380	193.08	1.6%	1,265	81,043	193.08	1.2%	933	82,048	193.08	1.2%	966
CC Health Plan	8,623	747.92	100.0%	8,149	9,011	775.17	100.0%	9,011	9,335	692.73	100.0%	9,335
AIDs (3)	4,355	67.00	10.0%	730	8,727	67.00	10.0%	730	15,891	67.00	10.0%	1,095
Other	38,650	92.84	25.9%	10,000	38,851	92.56	27.0%	10,477	39,086	91.98	29.9%	10,969
Subtotal-<65	166,442	351.25	17.4%	28,965	172,276	359.16	18.6%	31,986	181,133	373.08	18.6%	33,652
Medicare	133,266	2072.19	9.0%	11,943	137,673	2072.19	10.2%	14,067	142,252	2072.19	8.7%	12,359

(1) Use Rate refers to Contra Costa County's patient days per 1000 Contra Costa County population

(2) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group

(3) For 1987 & 1988, existing AIDS case load of 730 day, 1095 in 1989, and 3285 in 1991 through 1996 adjusted out of "other/sd"

Schedule 1.1.1

Contra Costa County

Payor specific population, use rate (1) & market share

Base Case

	1990				1991				1992			
	-----				-----				-----			
	County				County				County			
	Patient		MMH	MMH	Patient		MMH	MMH	Patient		MMH	MMH
	Days	Use Rate	Share	Days	Days	Use Rate	Share	Days	Days	Use Rate	Share	Days
	=====				=====				=====			
	342,645			49,031	348,292			49,930	354,107			50,815
MediCal (2)	34,897	738.51	32.5%	11,327	34,955	738.51	32.5%	11,367	35,008	738.51	32.6%	11,405
Commercial	83,055	193.08	1.2%	974	83,733	193.08	1.2%	979	84,406	193.08	1.2%	984
CC Health Plan	9,676	692.73	100.0%	9,676	10,034	692.73	100.0%	10,034	10,409	692.73	100.0%	10,409
AIDs (3)	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285
Other	39,249	91.24	30.0%	11,040	39,412	90.88	30.0%	11,111	39,573	90.52	30.1%	11,182
Subtotal-<65	195,635	398.13	18.6%	36,303	196,890	397.37	18.7%	36,776	198,152	396.64	18.8%	37,265
Medicare	147,011	2072.19	8.7%	12,728	151,403	2072.19	8.7%	13,154	155,955	2072.19	8.7%	13,549

(1) Use Rate refers to Contra Costa County's patient days per 1000 Contra Costa County population

(2) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group

(3) For 1987 & 1988, existing AIDS case load of 730 day, 1095 in 1989, and 3285 in 1991 through 1996 adjusted out of "other/sd"

Schedule 1.1.1
Contra Costa County
Payor specific population, use rate (1) & market share
Base Case

	1993				1994				1995			
	-----				-----				-----			
	County				County				County			
	Patient		MMH	MMH	Patient		MMH	MMH	Patient		MMH	MMH
	Days	Use Rate	Share	Days	Days	Use Rate	Share	Days	Days	Use Rate	Share	Days
	=====				=====				=====			
	360,097			51,599	366,342			52,518	373,763			53,506
MediCal (2)	35,056	738.51	32.6%	11,443	35,198	738.51	32.6%	11,468	35,339	738.51	32.6%	11,514
Commercial	85,073	193.08	1.2%	1,011	85,709	193.08	1.2%	1,019	87,322	193.08	1.2%	1,038
CC Health Plan	10,804	692.73	100.0%	10,804	11,218	692.73	100.0%	11,218	11,653	692.73	100.0%	11,653
AIDs (3)	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285
Other	39,734	90.18	29.8%	11,096	39,893	89.87	29.8%	11,144	40,051	88.56	29.8%	11,191
Subtotal-<65	199,423	395.94	18.9%	37,639	200,775	395.41	19.0%	38,133	203,122	396.86	19.0%	38,681
Medicare	160,674	2072.19	8.7%	13,959	165,567	2072.19	8.7%	14,384	170,641	2072.19	8.7%	14,825

(1) Use Rate refers to Contra Costa County's patient days per 1000 Contra Costa County population
(2) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
(3) For 1987 & 1988, existing AIDS case load of 730 day, 1095 in 1989, and 3285 in 1991 through 1996 adjusted out of "other/sd"

Schedule 1.1.1
Contra Costa County
Payor specific population, use rate (1) & market share
Base Case

	1996			

County				
Patient				
Days	Use Rate	MMH	MMH	
		Share	Days	
=====				
	380,516		54,521	
MediCal (2)	35,480	738.51	32.6%	11,559
Commercial	88,058	193.08	1.2%	1,047
CC Health Plan	12,110	692.73	100.0%	12,110
AIDs (3)	28,756	67.00	30.0%	3,285
Other	40,208	88.16	29.8%	11,237
Subtotal-<65	204,611	396.62	19.2%	39,238
Medicare	175,904	2072.19	8.7%	15,283

(1) Use Rate refers to Contra Costa County's patient days per 1000 Contra Costa County population
(2) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
(3) For 1987 & 1988, existing AIDS case load of 730 day, 1095 in 1989, and 3285 in 1991 through 1996 adjusted out of "other/sd"

Base Case Patient Day Acute vs. Psychiatric Allocation Percentages

[illegible]

Schedule 1.1.3
Merrithew Memorial Hospital
Base Case Patient Day Projections

[illegible]

Schedule 1.2.1
 Contra Costa County
 Payor specific population, use rate (1) & market share
 Program Alternative

	1987				1988				1989			
	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days
TOTAL	299,707			40,908	309,949			46,053	323,385			47,781
MediCal(1)	34,433	738.51	25.6%	8,821	34,644	738.51	31.3%	10,836	34,772	738.51	34.4%	11,961
Commercial	80,380	193.08	1.6%	1,265	81,043	193.08	1.2%	933	82,048	193.08	1.2%	966
CC Health Plan	8,623	747.92	100.0%	8,149	9,011	775.17	100.0%	9,011	9,335	692.73	100.0%	9,335
AIDs	4,355	67.00	10.0%	730	8,727	67.00	10.0%	730	15,891	67.00	10.0%	1,095
Other/SD (5)	38,650	92.84	25.9%	10,000	38,851	92.56	27.0%	10,477	39,086	91.98	29.9%	10,969
Subtotal-<65	166,442	351.25	17.4%	28,965	172,276	359.16	18.6%	31,986	181,133	373.08	19.0%	34,327
Medicare(6)	133,266	2072.19	9.0%	11,943	137,673	2072.19	10.2%	14,067	142,252	2072.19	9.5%	13,454

- (1) 225 additional deliveries w/ ALOS of 2 by 1990 increasing to 300 in 1991 through 1993;
 150 additional non-OB admissions with ALOS of 5 in 1990 increasing to 225 in 1991, 300 in 1992, and 420 in 1993
- (2) Health Plan MediCal enrollment projected to increase by 3% over population growth rate annually 1989-1992
- (3) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
- (4) Health Plan Commercial enrollment projected to increase by 2% over population growth annually 1990-1992
- (5) For 1987, existing AIDS case load of 730 day adjusted out of "other/sd"
- (6) Medicare share increased to reflect additional ADC of 3 in gero-psych by 1989 and 4 in 1990;
 Market share assumed to increase 7% annually thereafter in ripple effect

Schedule 1.2.1
 Contra Costa County
 Payor specific population, use rate (1) & market share
 Program Alternative

	1990				1991				1992			
	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days
TOTAL	342,645			51,691	348,292			54,298	354,107			56,835
MediCal(1)	34,897	738.51	35.9%	12,527	34,955	738.51	35.7%	12,494	35,008	738.51	36.9%	12,905
Commercial	83,055	193.08	1.2%	974	83,733	193.08	1.2%	979	84,406	193.08	1.2%	984
CC Health Plan	9,676	692.73	100.0%	9,676	10,034	692.73	100.0%	10,034	10,409	692.73	100.0%	10,409
AIDs	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285
Other/SD (5)	39,249	91.24	30.0%	11,040	39,412	90.88	30.0%	11,111	39,573	90.52	30.1%	11,182
Subtotal-<65	195,635	398.13	19.2%	37,503	196,890	397.37	19.3%	37,903	198,152	396.64	19.6%	38,766
Medicare(6)	147,011	2072.19	10.1%	14,188	151,403	2072.19	10.8%	16,394	155,955	2072.19	11.6%	18,069

- (1) 225 additional deliveries w/ ALOS of 2 by 1990 increasing to 300 in 1991 through 1993;
 150 additional non-OB admissions with ALOS of 5 in 1990 increasing to 225 in 1991, 300 in 1992, and 420 in 1993
- (2) Health Plan MediCal enrollment projected to increase by 3% over population growth rate annually 1989-1992
- (3) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
- (4) Health Plan Commercial enrollment projected to increase by 2% over population growth annually 1990-1992
- (5) For 1987, existing AIDS case load of 730 day adjusted out of "other/sd"
- (6) Medicare share increased to reflect additional ADC of 3 in gero-psych by 1989 and 4 in 1990;
 Market share assumed to increase 7% annually thereafter in ripple effect

Schedule 1.2.1
 Contra Costa County
 Payor specific population, use rate (1) & market share
 Program Alternative

	1993				1994				1995			
	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days	County Patient Days	Use Rate	MMH Share	MMH Days
TOTAL	360,097			59,658	366,342			61,604	373,763			64,415
MediCal(1)	35,056	738.51	36.9%	13,543	35,198	738.51	36.9%	12,976	35,339	738.51	36.9%	13,028
Commercial	85,073	193.08	1.2%	1,011	85,709	193.08	1.2%	1,019	87,322	193.08	1.2%	1,038
CC Health Plan	10,804	692.73	100.0%	10,804	11,218	692.73	100.0%	11,218	11,653	692.73	100.0%	11,653
AIDs	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285	28,756	67.00	30.0%	3,285
Other/SD (5)	39,734	90.18	29.8%	11,096	39,893	89.87	29.8%	11,144	40,051	88.56	29.8%	11,191
Subtotal-<65	199,423	395.94	19.9%	39,739	200,775	395.41	19.7%	39,642	203,122	396.86	19.8%	40,195
Medicare(6)	160,674	2072.19	12.4%	19,919	165,567	2072.19	13.3%	21,962	170,641	2072.19	14.2%	24,220

- (1) 225 additional deliveries w/ ALOS of 2 by 1990 increasing to 300 in 1991 through 1993;
 150 additional non-OB admissions with ALOS of 5 in 1990 increasing to 225 in 1991, 300 in 1992, and 420 in 1993
 (2) Health Plan MediCal enrollment projected to increase by 3% over population growth rate annually 1989-1992
 (3) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
 (4) Health Plan Commercial enrollment projected to increase by 2% over population growth annually 1990-1992
 (5) For 1987, existing AIDS case load of 730 day adjusted out of "other/sd"
 (6) Medicare share increased to reflect additional ADC of 3 in gero-psych by 1989 and 4 in 1990;
 Market share assumed to increase 7% annually thereafter in ripple effect

Schedule 1.2.1
 Contra Costa County
 Payor specific population, use rate (1) & market share
 Program Alternative

	1996			

	County			
	Patient		MMH	MMH
	Days	Use Rate	Share	Days
	=====			
TOTAL	380,516			67,473
MediCal(1)	35,480	738.51	36.9%	13,079
Commercial	88,058	193.08	1.2%	1,047
CC Health Plan	12,110	692.73	100.0%	12,110
AIDs	28,756	67.00	30.0%	3,285
Other/SD (5)	40,208	88.16	29.8%	11,237
Subtotal-<65	204,611	396.62	19.9%	40,759
Medicare(6)	175,904	2072.19	15.2%	26,715

- (1) 225 additional deliveries w/ ALOS of 2 by 1990 increasing to 300 in 1991 through 1993;
 150 additional non-OB admissions with ALOS of 5 in 1990 increasing to 225 in 1991, 300 in 1992, and 420 in 1993
- (2) Health Plan MediCal enrollment projected to increase by 3% over population growth rate annually 1989-1992
- (3) One time jump in eligible population in 1988 reflects relaxed GA eligibility standards--reduced from private pay group
- (4) Health Plan Commercial enrollment projected to increase by 2% over population growth annually 1990-1992
- (5) For 1987, existing AIDS case load of 730 day adjusted out of "other/sd"
- (6) Medicare share increased to reflect additional ADC of 3 in gero-psych by 1989 and 4 in 1990;
 Market share assumed to increase 7% annually thereafter in ripple effect

Schedule 1.2.2
Merrithew Memorial Hospital

[illegible]

Schedule 1.2.3
Merrithew Memorial Hospital
Program Alternative Patient Day Projections

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Total Patient Days =====											
Medicare	10,977	11,943	14,067	13,454	14,188	16,394	18,069	19,919	21,962	24,220	26,715
Medi-Cal	14,400	14,554	17,127	18,808	21,054	21,059	21,508	22,099	21,558	21,635	21,711
Private Insurance	1,310	1,265	970	1,075	1,631	1,636	1,641	1,668	1,676	1,695	1,704
CCHP	9,360	8,149	9,011	9,335	9,676	10,034	10,409	10,804	11,218	11,653	12,110
Private Pay	1,828	2,379	2,323	2,432	2,448	2,463	2,479	2,460	2,471	2,481	2,491
Other	2,356	2,577	2,556	2,676	2,694	2,711	2,728	2,707	2,719	2,730	2,742
Total	40,231	40,867	46,053	47,781	51,691	54,298	56,835	59,658	61,604	64,415	67,473
Acute Care =====											
Medicare	7,934	8,453	9,956	8,976	9,569	11,332	12,708	13,596	14,960	16,651	18,442
Medi-Cal	8,412	8,821	11,530	12,133	14,482	14,787	15,441	15,659	15,061	15,240	15,349
Private Insurance	846	822	643	690	1,251	1,274	1,291	1,284	1,287	1,306	1,315
CCHP	8,701	7,708	8,528	8,830	9,165	9,533	9,911	10,252	10,644	11,070	11,511
Private Pay	1,787	2,196	2,144	2,219	2,238	2,263	2,286	2,255	2,263	2,277	2,288
Other	307	564	591	333	386	509	598	446	438	485	508
Total	27,987	28,564	33,391	33,181	37,091	39,698	42,235	43,492	44,653	47,030	49,413
Psychiatric Care =====											
Medicare	3,043	3,490	4,111	4,478	4,619	5,062	5,362	6,323	7,002	7,569	8,273
Medi-Cal	5,988	5,733	5,598	6,675	6,572	6,272	6,067	6,440	6,496	6,394	6,363
Private Insurance	464	443	327	385	380	362	350	385	389	389	389
CCHP	659	441	483	505	511	501	498	552	574	583	599
Private Pay	41	183	179	213	210	200	194	206	207	204	203
Other	2,049	2,013	1,965	2,344	2,308	2,202	2,130	2,261	2,281	2,245	2,234
Total	12,244	12,303	12,662	14,600	14,600	14,600	14,600	16,166	16,951	17,385	18,060
Total Patient Days	40,231	40,867	46,053	47,781	51,691	54,298	56,835	59,658	61,604	64,415	67,473

APPENDIX B - BASELINE FINANCIAL PROJECTIONS

APPENDIX B
TABLE OF CONTENTS

	<u>Page</u>
Patient Days	1
Rate Increase	2
Statistics	3
Revenues	4
Operating Expenses	5
Revenue by Financial Class	10
Hospital Operations Statement of Income & Expenses	27

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Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual. 1988	1989	1990	1991	1992	1993	1994	1995	1996
RATE INCREASES											
=====											
REGULAR											

MEDICARE	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
MEDI-CAL	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
PRIVATE INSURANCE	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
CCHP	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
PRIVATE PAY	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
OTHER	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
PSYCH											

MEDICARE	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
MEDI-CAL	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
PRIVATE INSURANCE	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
CCHP	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
PRIVATE PAY	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%
OTHER	0%	0%	0%	0%	2%	2%	2%	2%	2%	2%	2%

Actual 1986	Actual 1987	8 month Annual 1988	PROJECTED							
			1989	1990	1991	1992	1993	1994	1995	1996

STATISTICS:[illegible]

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
REVENUES:											
=====											
REVENUE INFLATION FACTOR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT											
OUTPATIENT PSYCH REVENUE PER VISIT	219.33	215.96	238.50	238.50	238.50	238.50	238.50	238.50	238.50	238.50	238.50
OPT PT PSYCH REV PER VISIT - % RATE INCR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PSYCH REVENUE	1,385,040	1,334,849	1,401,322	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307
OUTPATIENT ER REVENUE PER VISIT	34.04	27.71	32.81	32.81	32.81	32.81	32.81	32.81	32.81	32.81	32.81
ER REVENUE - % RATE INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT ER REVENUE	824,561	719,833	807,705	807,618	807,618	807,618	807,618	807,618	807,618	807,618	807,618
OUTPATIENT ALL OTHER REVENUE PER VISIT	276.60	300.71	329.30	329.30	329.30	329.30	329.30	329.30	329.30	329.30	329.30
OUTPATIENT REVENUE - % RATE INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT ALL OTHER REVENUE	11,804,303	13,525,816	15,227,025	15,836,090	16,469,534	17,128,315	17,813,448	18,525,986	19,267,025	20,037,706	20,839,214
ACUTE INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	877.22	862.93	892.14	897.91	917.12	935.19	953.70	972.94	992.27	1012.01	1032.16
ACUTE INPATIENT REVENUE - % INCR	NA	-1.63%	3.38%	0.65%	2.14%	1.97%	1.98%	2.02%	1.99%	1.99%	1.99%
PSYCH INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	540.07	472.60	541.98	545.36	555.77	566.27	577.02	587.96	599.08	610.51	622.03
PSYCH INPATIENT REVENUE - % INCR	NA	-12.49%	14.68%	0.62%	1.91%	1.89%	1.90%	1.90%	1.89%	1.91%	1.89%
SNF INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SNF INPATIENT REVENUE - % INCR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER											
OTHER OPERATING REVENUE-FIXED	336,474	235,487	391,077	320,491	335,068	340,639	346,186	351,299	357,077	363,196	369,482
OTHER OPERATING REVENUE-PER ADJ PT DAY	5.77	3.81	5.75	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
REVENUE INFLATION FACTOR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS INPATIENT REVENUE	31,163,527	30,463,247	36,651,881	36,166,249	39,691,576	41,307,592	42,962,501	44,581,582	46,371,340	48,286,615	50,286,321
GROSS OUTPATIENT REVENUE	14,013,904	15,580,498	17,436,052	18,045,015	18,678,459	19,337,240	20,022,373	20,734,911	21,475,950	22,246,631	23,048,139
OTHER OPERATING REVENUE	336,474	235,487	391,077	320,491	335,068	340,639	346,186	351,299	357,077	363,196	369,482

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
ADJUSTED PATIENT DAYS											
OUTPATIENT ADJUSTED DAYS	18,091	20,902	21,908	22,957	23,073	23,373	23,682	23,999	24,323	24,651	24,989
TOTAL ADJUSTED PATIENT DAYS	58,322	61,769	67,961	68,967	72,104	73,303	74,497	75,597	76,840	78,157	79,510
OPERATING EXPENSES:											
=====											
SALARIES											
AVERAGE EMPLOYEE SALARY PER FTE	\$29,252	\$32,273	\$34,755	\$35,971	\$37,230	\$38,533	\$39,882	\$41,277	\$42,722	\$44,217	\$45,765
SALARY INFLATION FACTOR	NA	NA	BASE	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
AVERAGE PHYSICIAN SALARY PER FTE	\$77,222	\$81,194	\$85,368	\$88,356	\$91,448	\$94,649	\$97,962	\$101,390	\$104,939	\$108,612	\$112,413
SALARY INFLATION FACTOR	NA	NA	BASE	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
TOTAL PHYSICIAN FTE'S	36.85	38.57	43.40	38.57	38.57	38.57	38.57	38.57	38.57	38.57	38.57
G&A FIXED FTE'S	222.94	244.51	243.32	243.32	243.32	243.32	243.32	243.32	243.32	243.32	243.32
G&A VAR FTE'S PER ADJ OCCUPIED BED	0.35	0.36	0.33	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
G&A VARIABLE FTE'S	55.73	61.13	60.83	60.83	63.60	64.65	65.71	66.68	67.77	68.94	70.13
G&A TOTAL FTE'S	278.67	305.64	304.15	304.15	306.92	307.97	309.03	310.00	311.09	312.26	313.45
ANCILLARY FIXED FTE'S	58.51	58.54	57.73	57.73	57.73	57.73	57.73	57.73	57.73	57.73	57.73
ANCILLARY VAR FTE'S PER ADJ OCCUPIED BED	0.74	0.70	0.66	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
ANCILLARY VARIABLE FTE'S	118.90	118.98	123.24	123.24	128.85	130.99	133.12	135.09	137.31	139.66	142.08
ANCILLARY TOTAL FTE'S	177.41	177.52	180.97	180.97	186.58	188.72	190.85	192.82	195.04	197.39	199.81
ROUTINE FTE'S FIXED	45.80	45.32	45.49	45.49	45.49	45.49	45.49	45.49	45.49	45.49	45.49
ROUTINE VAR FTE'S PER OCCUPIED BED	1.15	1.07	0.98	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
ROUTINE VARIABLE FTE'S	183.26	181.31	181.96	181.96	190.24	193.40	196.55	199.45	202.73	206.21	209.77
ROUTINE TOTAL FTE'S	229.06	226.63	227.45	227.45	235.73	238.89	242.04	244.94	248.22	251.70	255.26
TOTAL FTE'S	685.14	709.79	712.57	712.57	729.22	735.58	741.92	747.76	754.35	761.34	768.52
TOTAL FTE'S PER OCCUPIED BED	6.22	6.34	5.65	5.65	5.43	5.38	5.33	5.29	5.24	5.19	5.15
ADJ PDAYS FROM OUTPATIENT & EMERGENCY	18,091	20,902	21,908	22,957	23,073	23,373	23,682	23,999	24,323	24,651	24,989
TOTAL ADJUSTED PATIENT DAYS	58,322	61,769	67,961	68,967	72,104	73,303	74,497	75,597	76,840	78,157	79,510
G&A FTE'S PER ADJUSTED OCCUPIED BED	1.74	1.81	1.63	1.61	1.55	1.53	1.51	1.50	1.48	1.46	1.44
ANCILLARY FTE'S PER ADJUSTED OCCUPIED BED	1.11	1.05	0.97	0.96	0.94	0.94	0.94	0.93	0.93	0.92	0.92
ROUTINE FTE'S PER ADJUSTED OCCUPIED BED	1.15	1.07	0.98	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
FTE'S PER ADJUSTED OCCUPIED BED	4.00	3.93	3.58	3.53	3.46	3.44	3.41	3.39	3.37	3.34	3.32
TOTAL SALARY EXPENSE	21,809,513	24,793,602	26,961,541	27,652,093	29,239,742	30,508,304	31,828,715	33,183,788	34,627,131	36,148,077	37,741,835
EMPLOYEE BENEFITS											
EMPLOYEE BENEFITS AS A % OF SALARIES	22.59%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%
TOTAL EMPLOYEE BENEFITS EXPENSE	4,926,443	5,789,917	6,296,184	6,457,445	6,828,200	7,124,441	7,432,789	7,749,232	8,086,288	8,441,467	8,813,648

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
PROFESSIONAL FEES											
PROFESSIONAL FEES-FIXED	767,966	758,497	675,355	712,500	751,687	793,030	836,647	882,662	931,209	982,425	1,036,459
PROF. FEES INFLATION FACTOR	NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
PROFESSIONAL FEES-VARIABLE	849,827	839,347	747,344	800,120	882,521	946,539	1,014,858	1,086,490	1,165,099	1,250,243	1,341,836
PROF. FEES % RATE INCREASE	NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
PROF. FEES (VAR)-PER ADJUSTED PT DAY	14.57	13.59	11.00	11.60	12.24	12.91	13.62	14.37	15.16	16.00	16.88
PROFESSIONAL FEES-PER ADJ PATIENT DAY	27.74	25.87	20.93	21.93	22.66	23.73	24.85	26.05	27.28	28.57	29.91
TOTAL PROFESSIONAL FEES EXPENSE	1,617,793	1,597,844	1,422,699	1,512,619	1,634,208	1,739,569	1,851,505	1,969,153	2,096,308	2,232,668	2,378,294
REGISTRY											
REGISTRY	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	205,806	218,360
REGISTRY EXPENSE INFLATION FACTOR	NA	NA	BASE	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%
'OTHER' FIXED											
PURCHASED SERVICES	3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,233,467	5,552,708
INSURANCE (EXCLUDING MALPRACTICE)	18,200	43,421	43,454	46,105	48,917	51,901	55,067	58,426	61,990	65,771	69,784
OTHER	477,030	504,010	479,948	509,224	540,287	573,245	608,212	645,313	684,678	726,443	770,756
'OTHER' FIXED	4,139,019	3,778,675	3,981,058	4,223,902	4,481,560	4,754,935	5,044,986	5,352,730	5,679,247	6,025,681	6,393,248
FIXED EXPENSE INFLATION FACTOR	NA	NA	6.00%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%
'OTHER' FIXED	4,139,019	3,778,675	3,981,058	4,223,902	4,481,560	4,754,935	5,044,986	5,352,730	5,679,247	6,025,681	6,393,248
MAINTENANCE (PER MBBJ REPORT)	411,760	343,967	355,885	377,594	516,297	1,174,084	1,403,718	1,591,816	1,688,917	1,791,941	1,901,249
TOTAL 'OTHER' FIXED EXPENSE	4,550,779	4,122,642	4,336,943	4,601,496	4,997,857	5,929,019	6,448,704	6,944,546	7,368,164	7,817,622	8,294,497
SUPPLIES											
SUPPLIES PER ADJUSTED PATIENT DAY	67	63	58	61	64	67	70	74	77	81	85
SUPPLIES INFLATION FACTOR	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
TOTAL SUPPLIES EXPENSE	3,879,766	3,919,046	3,923,199	4,180,340	4,589,004	4,898,568	5,227,241	5,569,677	5,944,344	6,348,514	6,781,317
UTILITIES											
UTILITY EXPENSE PER SQUARE FOOT	6.30	6.16	6.38	6.86	7.37	7.93	8.52	9.16	9.85	10.59	11.38
UTILITY INFLATION FACTOR	NA	NA	BASE	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
SQUARE FOOTAGE	118,973	118,973	118,973	118,973	118,973	118,973	118,973	118,973	118,973	118,973	118,973
TOTAL UTILITIES EXPENSE	749,793	733,066	759,131	816,065	877,270	943,065	1,013,795	1,089,830	1,171,567	1,259,435	1,353,892
MANAGEMENT FEES											
MANAGEMENT FEES - FIXED	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MANAGEMENT FEES INFLATION FACTOR	NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
TOTAL MANAGEMENT FEES EXPENSE	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MALPRACTICE INSURANCE											
MALPRACTICE INSURANCE - FIXED	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,148,653	1,206,086	1,266,390	1,329,710
MALPRACTICE INS. INFLATION FACTOR	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
TOTAL MALPRACTICE INSURANCE - FIXED EXP	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,148,653	1,206,086	1,266,390	1,329,710

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
RENTAL											
RENTAL PAYMENTS	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
RENT INFLATION FACTOR	NA	NA	BASE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
TOTAL RENTAL PAYMENTS EXPENSE	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
DEPRECIATION											
DEPRECIATION - EXISTING MOVEABLE	276,240	271,669	212,739	164,631	112,424	27,736	27,736	27,736	27,736	27,736	27,736
NONPROJECT CAPITAL ACQUISITIONS - PRIOR	0	0	144,151	469,151	794,151	1,119,151	1,444,151	1,769,151	2,094,151	2,419,151	2,744,151
CURRENT ADDITIONS	0	144,151	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
CURRENT ADDITIONS - NEW BOND	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE NONPROJECT ACQUISITIONS	0	144,151	469,151	794,151	1,119,151	1,444,151	1,769,151	2,094,151	2,419,151	2,744,151	3,069,151
WEIGHTED AVERAGE USEFUL LIFE	10	10	10	10	10	10	10	10	10	10	10
DEPRECIATION EXPENSE - MOVEABLE EQUIPMENT	0	7,208	30,665	63,165	95,665	128,165	160,665	193,165	225,665	258,165	290,665
DEPRECIATION EXP - MOVEABLE - NEW BOND	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION - EXISTING FIXED	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311
NONPROJECT CAPITAL ACQUISITIONS - PRIOR	0	0	661,336	1,364,685	2,068,034	2,771,383	3,474,732	4,178,081	4,881,430	5,584,779	6,288,128
CURRENT ADDITIONS	0	661,336	703,349	703,349	703,349	703,349	703,349	703,349	703,349	703,349	703,349
CURRENT ADDITIONS - NEW BONDS	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE NONPROJECT ACQUISITIONS	0	661,336	1,364,685	2,068,034	2,771,383	3,474,732	4,178,081	4,881,430	5,584,779	6,288,128	6,991,477
WEIGHTED AVERAGE USEFUL LIFE	25	25	25	25	25	25	25	25	25	25	25
DEPRECIATION EXPENSE - FIXED	0	13,227	40,520	68,654	96,788	124,922	153,056	181,190	209,324	237,458	265,592
DEPRECIATION EXPENSE - FIXED - NEW BOND	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	661,768	722,402	783,036	843,670	904,304
REIMBURSABLE DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	661,768	722,402	783,036	843,670	904,304

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Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
EXPENSE SUMMARY											
SALARIES & WAGES	\$21,809,513	\$24,793,602	\$26,961,541	\$27,652,093	\$29,239,742	\$30,508,304	\$31,828,715	\$33,183,788	\$34,627,131	\$36,148,077	\$37,741,835
EMPLOYEE BENEFITS	4,926,443	5,789,917	6,296,184	6,457,445	6,828,200	7,124,441	7,432,789	7,749,232	8,086,288	8,441,467	8,813,648
PROFESSIONAL FEES	1,617,793	1,597,844	1,422,699	1,512,619	1,634,208	1,739,569	1,851,505	1,969,153	2,096,308	2,232,668	2,378,294
REGISTRY	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	205,806	218,360
OTHER FIXED	4,550,779	4,122,642	4,336,943	4,601,496	4,997,857	5,929,019	6,448,704	6,944,546	7,368,164	7,817,622	8,294,497
SUPPLIES	3,879,766	3,919,046	3,923,199	4,180,340	4,589,004	4,898,568	5,227,241	5,569,677	5,944,344	6,348,514	6,781,317
UTILITIES	749,793	733,066	759,131	816,065	877,270	943,065	1,013,795	1,089,830	1,171,567	1,259,435	1,353,892
MANAGEMENT FEES	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MALPRACTICE INSURANCE	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,148,653	1,206,086	1,266,390	1,329,710
RENTAL	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	661,768	722,402	783,036	843,670	904,304
INTEREST	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
AMORTIZATION	0	0	0	0	0	0	0	0	0	0	0
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	\$41,694,443	\$44,246,369	\$47,078,828	\$48,751,407	\$51,830,133	\$54,915,449	\$57,798,907	\$60,735,218	\$63,765,303	\$66,972,016	\$70,351,251

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Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
	P R O J E C T E D										
GROSS NON-GOVT REVENUE - OUTPT	275,623	22,283	66,737	66,736	66,736	66,736	66,736	66,736	66,736	66,736	66,736
TOTAL GROSS PRIVATE PAY PATIENT REVENUE	3,388,314	3,646,166	3,633,146	3,767,680	3,888,572	4,013,654	4,142,830	4,246,039	4,378,919	4,516,269	4,658,166
BAD DEBTS:											
BAD DEBTS AS A % OF PRIV PAY REVENUE	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PRIVATE PAY BAD DEBT EXPENSE	2,812,301	3,026,318	3,015,511	3,127,174	3,227,515	3,331,333	3,438,549	3,524,212	3,634,503	3,748,503	3,866,278
BAD DEBTS AS A % OF NON-GOVT OUTPT REV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPT NON-GOVT BAD DEBT EXPENSE	0	0	0	0	0	0	0	0	0	0	0
BAD DEBT EXPENSE - TOTAL	2,812,301	3,026,318	3,015,511	3,127,174	3,227,515	3,331,333	3,438,549	3,524,212	3,634,503	3,748,503	3,866,278
NET REVENUE:											
NET PRIVATE PAY REVENUE	576,013	619,848	617,635	640,506	661,057	682,321	704,281	721,827	744,416	767,766	791,888
OTHER											
INPATIENT ACUTE GROSS REVENUE:											
PATIENT DAYS	307	564	591	273	308	347	383	395	428	462	495
PT DAYS - % INCREASE	NA	83.71%	4.74%	-53.85%	13.13%	12.38%	10.41%	3.10%	8.39%	7.97%	7.30%
AVERAGE CHARGE PER DAY	866.72	944.29	589.09	589.09	600.87	612.89	625.14	637.65	650.40	663.41	676.68
GROSS REVENUE - % INCREASE	NA	8.21%	-60.30%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS OTHER REVENUE - ACUTE	266,084	532,579	347,978	160,587	185,305	212,405	239,214	251,564	278,115	306,277	335,221
OUTPATIENT GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	12,628,864	14,245,649	16,034,730	16,643,708	17,277,152	17,935,933	18,621,066	19,333,604	20,074,643	20,845,324	21,646,833
NON-GOVT PERCENTAGE OF GPR-OUTPT	2.89%	3.03%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%
GROSS NON-GOVT REVENUE - OUTPT	365,555	431,543	453,398	470,617	488,529	507,156	526,529	546,677	567,631	589,422	612,086
INPATIENT PSYCH GROSS REVENUE:											
PATIENT DAYS	2,049	2,013	1,965	2,404	2,385	2,364	2,346	2,313	2,291	2,269	2,246
PT DAYS - % INCREASE	NA	-1.76%	-2.36%	22.30%	-0.77%	-0.88%	-0.80%	-1.40%	-0.93%	-0.99%	-0.98%
AVERAGE CHARGE PER DAY	526.01	490.52	415.15	415.15	423.45	431.92	440.56	449.37	458.36	467.52	476.87
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS OTHER REVENUE - PSYCH	1,077,796	987,423	815,948	997,931	1,010,058	1,021,236	1,033,363	1,039,307	1,050,230	1,060,676	1,071,240

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
OUTPATIENT PSYCH GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	1,385,040	1,334,849	1,401,322	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307
NON-GOVT PERCENTAGE OF GPR-OUTPT	43.51%	22.03%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%
GROSS NON-GOVT REVENUE -OUTPT	602,631	294,021	388,867	388,863	388,863	388,863	388,863	388,863	388,863	388,863	388,863
TOTAL OTHER GROSS PATIENT REVENUE	2,312,066	2,245,566	2,006,191	2,017,998	2,072,755	2,129,660	2,187,969	2,226,411	2,284,839	2,345,238	2,407,410
BAD DEBTS:											
BAD DEBTS AS A % OF OTHER ACUTE REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACUTE OTHER BAD DEBT EXPENSE	1,343,880	1,520,002	1,163,926	1,158,518	1,195,363	1,233,641	1,272,577	1,290,871	1,328,345	1,366,953	1,406,461
BAD DEBTS AS A % OF NON-GOVT OUTPT REV	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPT NON-GOVT BAD DEBT EXPENSE	968,186	725,564	842,265	859,480	877,392	896,019	915,392	935,540	956,494	978,285	1,000,949
BAD DEBT EXPENSE	2,312,066	2,245,566	2,006,191	2,017,998	2,072,755	2,129,660	2,187,969	2,226,411	2,284,839	2,345,238	2,407,410
NET OTHER REVENUE	0	0	0	0	0	0	0	0	0	0	0

CAPITATION

CONTRA COSTA HEALTH PLAN

STATISTICS:

CCMP ENROLLEES	9,912	10,920	13,007	13,476	13,968	14,484	15,027	15,596	16,194	16,822	17,482
CCMP ACUTE DAYS	8,701	7,708	8,528	8,817	9,148	9,496	9,861	10,240	10,642	11,064	11,508
CCMP SNF DAYS	0	0	0	0	0	0	0	0	0	0	0
INPATIENT ACUTE GROSS REVENUE:											
COST BASED ACUTE PATIENT DAYS	8,701	7,708	8,528	8,817	9,148	9,496	9,861	10,240	10,642	11,064	11,508
PT DAYS - % INCREASE	NA	-11.41%	10.63%	3.39%	3.75%	3.80%	3.84%	3.84%	3.93%	3.97%	4.01%
COST BASED ACUTE AVERAGE CHARGE PER DAY	880.24	870.29	952.80	952.80	971.86	991.29	1011.12	1031.34	1051.97	1073.01	1094.47
GROSS REVENUE - % INCREASE	NA	-1.14%	8.66%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS CCMP REVENUE - ACUTE	7,658,963	6,708,177	8,125,184	8,400,869	8,890,440	9,413,209	9,970,488	10,560,543	11,194,597	11,871,747	12,594,662
OUTPATIENT GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	12,628,864	14,245,649	16,034,730	16,643,708	17,277,152	17,935,933	18,621,066	19,333,604	20,074,643	20,845,324	21,646,833
CAPITATION PERCENTAGE OF GPR-OUTPT	46.08%	47.64%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%
GROSS CCMP REVENUE - OUTPT	5,819,242	6,786,542	7,681,967	7,973,718	8,277,190	8,592,801	8,921,036	9,262,401	9,617,420	9,986,640	10,370,629

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
PROJ ECT E D											
INPATIENT PSYCH GROSS REVENUE:											
COST BASED ACUTE PATIENT DAYS	659	441	483	518	528	538	549	564	577	589	602
PT DAYS - % INCREASE	NA	-33.08%	9.48%	7.30%	1.92%	1.87%	2.01%	2.87%	2.18%	2.18%	2.23%
COST BASED ACUTE AVERAGE CHARGE PER DAY	603.31	548.80	356.53	356.53	363.66	370.94	378.36	385.92	393.64	401.51	409.54
GROSS REVENUE - % INCREASE	NA	-9.03%	-35.03%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS CCNP REVENUE - ACUTE	397,580	242,021	172,136	184,700	192,012	199,511	207,583	217,817	227,017	236,599	246,714
OUTPATIENT PSYCH GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	1,385,040	1,334,849	1,401,322	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307
CAPITATION PERCENTAGE OF GPR-OUTPT	18.13%	44.10%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%
GROSS CCNP REVENUE - OUTPT	251,087	588,726	148,120	148,118	148,118	148,118	148,118	148,118	148,118	148,118	148,118
SNF GROSS REVENUE:											
CAPITATION SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
PT DAYS - % INCREASE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
CAPITATION SNF AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS CCNP REVENUE - SNF	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS CCNP REVENUE	14,126,872	14,325,466	16,127,407	16,707,405	17,507,760	18,353,639	19,247,225	20,188,879	21,187,152	22,243,104	23,360,123
NET REVENUE:											
TOTAL CCNP ENROLLEES	9,912	10,920	13,007	13,476	13,968	14,484	15,027	15,596	16,194	16,822	17,482
PREMIUMS											
MEDICARE											
ENROLLEES	764	869	1,061	1,114	1,169	1,228	1,289	1,354	1,422	1,493	1,567
ENROLLEES % INCREASE	NA	13.73%	22.03%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	1,169	1,190	1,124	1,158	1,192	1,228	1,265	1,303	1,342	1,382	1,424
MEDICARE PREMIUMS	893,144	1,034,029	1,192,127	1,289,285	1,394,362	1,508,003	1,630,905	1,763,824	1,907,575	2,063,043	2,231,181
INFLATION FACTOR	NA	NA	BASE	3%	3%	3%	3%	3%	3%	3%	3%
MEDI-CAL											
ENROLLEES	4,385	4,250	5,288	5,552	5,830	6,121	6,427	6,748	7,086	7,440	7,812
ENROLLEES % INCREASE	NA	-3.07%	24.40%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	1,062	1,080	1,146	1,180	1,215	1,252	1,289	1,328	1,368	1,409	1,451
MEDI-CAL PREMIUMS	4,658,494	4,590,035	6,057,098	6,550,751	7,084,638	7,662,036	8,286,492	8,961,841	9,692,231	10,482,148	11,336,443
INFLATION FACTOR	NA	NA	BASE	3%	3%	3%	3%	3%	3%	3%	3%
PRIVATE											
ENROLLEES	1,400	2,173	3,023	3,174	3,333	3,499	3,674	3,858	4,051	4,253	4,466
ENROLLEES % INCREASE	NA	55.28%	39.10%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	883	894	713	745	778	813	850	888	928	970	1,014
PRIVATE PREMIUMS	1,236,251	1,943,509	2,154,488	2,364,012	2,593,912	2,846,170	3,122,960	3,426,668	3,759,911	4,125,563	4,526,774
INFLATION FACTOR	NA	NA	BASE	5%	5%	5%	5%	5%	5%	5%	5%

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual. 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
BAC/MIA											
ENROLLEES	3,363	3,627	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636
PREMIUMS/ENROLLEE	3,117	2,751	2,745	2,745	2,745	2,745	2,745	2,745	2,745	2,855	2,855
BAC/MIA PREMIUMS	10,481,066	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	10,379,695	10,379,695
INFLATION FACTOR	NA	NA	BASE	0%	0%	0%	0%	0%	0%	4%	0%
TOTAL PREMIUMS	17,268,955	17,548,049	19,384,189	20,184,525	21,053,388	21,996,684	23,020,833	24,132,808	25,340,193	27,050,448	28,474,092
OTHER INCOME	423,830	379,011	308,059	308,059	308,059	308,059	308,059	308,059	308,059	308,059	308,059
INFLATION FACTOR - OTHER INCOME	NA	NA	BASE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL HEALTH PLAN REVENUE	17,692,785	17,927,060	19,692,248	20,492,584	21,361,447	22,304,743	23,328,892	24,440,867	25,648,252	27,358,507	28,782,151
OPERATING EXPENSES	3,654,402	4,044,643	4,219,588	4,430,567	4,652,096	4,884,701	5,128,936	5,385,382	5,654,651	5,937,384	6,234,253
INFLATION FACTOR - OPERATING EXPENSE	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PAYMENT FOR PURCHASED SERVICES	15,826,593	16,005,672	16,805,762	17,646,050	18,528,353	19,454,770	20,427,509	21,448,884	22,521,328	23,647,395	24,829,765
INFLATION FACTOR	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
NET COUNTY CONTRIBUTION - HEALTH PLAN	(1,788,210)	(2,123,255)	(1,333,102)	(1,584,034)	(1,819,001)	(2,034,727)	(2,227,553)	(2,393,399)	(2,527,728)	(2,226,272)	(2,281,867)
GROSS HEALTH PLAN REVENUE - HOSPITAL	14,126,872	14,325,466	16,127,407	16,707,405	17,507,760	18,353,639	19,247,225	20,188,879	21,187,152	22,243,104	23,360,123
GROSS HEALTH PLAN REVENUE - CLINICS	3,907,074	3,962,424	4,460,841	4,594,666	4,732,506	4,874,481	5,020,716	5,171,337	5,326,477	5,486,271	5,650,860
INFLATION FACTOR - CLINIC REVENUE	NA	NA	BASE	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
GROSS HEALTH PLAN REV TO HOSP & CLINICS	18,033,946	18,287,890	20,588,248	21,302,071	22,240,266	23,228,120	24,267,941	25,360,216	26,513,629	27,729,375	29,010,983
% NET REVENUE - HOSPITAL PORTION	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%
NET CCMP REVENUE	10,949,939	10,828,285	12,068,675	12,528,373	13,033,294	13,587,633	14,195,966	14,863,278	15,595,009	16,708,476	17,587,360
% DISCOUNT	22.49%	24.41%	25.17%	25.01%	25.56%	25.97%	26.24%	26.38%	26.39%	24.88%	24.71%
ALLOWANCE	3,176,933	3,497,181	4,058,732	4,179,032	4,474,466	4,766,006	5,051,259	5,325,601	5,592,143	5,534,628	5,772,763

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDICARE											
PPS											
GROSS REVENUE:											
MEDICARE ACUTE PATIENT DAYS	7,934	8,453	9,956	8,140	8,445	8,794	9,122	9,427	9,777	10,144	10,524
MEDICARE PT DAYS - % INCREASE	NA	6.54%	17.78%	-18.24%	3.74%	4.13%	3.73%	3.34%	3.72%	3.75%	3.75%
MEDICARE AVERAGE CHARGE PER DAY	830.75	772.79	852.37	852.37	869.42	886.80	904.54	922.63	941.08	959.91	979.10
GROSS REVENUE - % INCREASE	NA	-6.98%	10.30%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS REVENUE:											
MEDICARE PSYCH PATIENT DAYS	3,043	3,490	4,111	4,219	4,284	4,360	4,427	4,532	4,607	4,682	4,759
MEDICARE PT DAYS - % INCREASE	NA	14.69%	17.78%	2.62%	1.54%	1.79%	1.54%	2.37%	1.65%	1.62%	1.65%
MEDICARE AVERAGE CHARGE PER DAY	578.74	482.83	495.73	495.73	505.64	515.76	526.07	536.59	547.32	558.27	569.44
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GROSS MEDICARE REVENUE - PPS	8,352,319	8,217,458	10,524,236	9,029,771	9,507,890	10,047,090	10,580,367	11,129,728	11,722,896	12,350,550	13,013,692
NET REVENUE:											
BLENDED PPS RATE	4054.99	4443.97	4581.67	4978.67	5053.35	5129.15	5231.73	5336.37	5469.77	5606.52	5774.71
CASE MIX INDEX	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708
AVERAGE PAYMENT PER DISCHARGE	4342.08	4758.60	4906.05	5331.16	5411.12	5492.29	5602.14	5714.18	5857.03	6003.46	6183.56
INFLATION FACTOR	NA	NA	1.00%	1.00%	1.50%	1.50%	2.00%	2.00%	2.50%	2.50%	3.00%
MEDICARE PATIENT DAYS	10,977	11,943	14,067	12,359	12,728	13,154	13,549	13,959	14,384	14,825	15,283
MEDICARE ALOS	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88
MEDICARE DISCHARGES	1,236	1,345	1,584	1,392	1,433	1,481	1,526	1,572	1,620	1,670	1,721
MEDICARE PPS REIMBURSEMENT	5,366,811	6,400,317	7,771,183	7,420,975	7,754,135	8,134,081	8,548,866	8,982,691	9,488,389	10,025,778	10,641,907
OUTLIER											
MEDICARE OUTLIER REIMBURSEMENT	74,343	77,372	228,842	89,711	93,738	98,331	103,345	108,590	114,703	121,199	128,648

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
PART B:											
TOTAL HOSPITAL OUTPATIENT GROSS REVENUE	12,628,864	14,245,649	16,034,730	16,643,708	17,277,152	17,935,933	18,621,066	19,333,604	20,074,643	20,845,324	21,646,833
MEDICARE % - GROSS OUTPT REV	9.55%	8.67%	7.93%	7.93%	7.93%	7.93%	7.93%	7.93%	7.93%	7.93%	7.93%
MEDICARE OUTPATIENT GROSS REVENUE	1,206,612	1,234,571	1,270,881	1,319,147	1,369,353	1,421,566	1,475,868	1,532,343	1,591,076	1,652,159	1,715,685
TOTAL HOSPITAL OUTPATIENT GROSS REVENUE	1,385,040	1,334,849	1,401,322	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307	1,401,307
MEDICARE % - GROSS OUTPT PSYCH REV	6.84%	12.86%	25.42%	25.42%	25.42%	25.42%	25.42%	25.42%	25.42%	25.42%	25.42%
MEDICARE OUTPATIENT PSYCH GROSS REVENUE	94,694	171,658	356,216	356,212	356,212	356,212	356,212	356,212	356,212	356,212	356,212
ALLOWABLE CHARGE FACTOR	54.00%	54.00%	49.02%	50.01%	51.25%	52.51%	54.06%	55.63%	57.51%	59.44%	61.72%
MEDICARE PART B REIMBURSEMENT	702,705	759,363	797,635	837,837	884,420	933,594	990,357	1,050,570	1,119,908	1,193,822	1,278,822
											6.58%
CAPITAL											
REIMBURSABLE CAPITAL COSTS:											
RENTAL PAYMENTS	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
DEPRECIATION - FIXED	320,311	333,538	360,831	388,965	417,099	445,233	473,367	501,501	529,635	557,769	585,903
DEPRECIATION - MOVEABLE	276,240	278,876	243,404	227,796	208,089	155,901	188,401	220,901	253,401	285,901	318,401
INTEREST	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
REIMBURSABLE CAPITAL COSTS	2,494,637	2,006,796	1,992,339	2,071,966	2,128,063	2,156,268	2,295,286	2,439,008	2,587,715	2,741,706	2,901,298
PASS-THROUGH CALCULATIONS:											
MEDICARE OUTPATIENT REVENUE % FACTOR	2.67%	2.68%	2.35%	2.43%	2.35%	2.34%	2.34%	2.35%	2.35%	2.34%	2.34%
MEDICARE PPS REVENUE % FACTOR	18.49%	17.85%	19.46%	16.66%	16.29%	16.57%	16.80%	17.04%	17.28%	17.51%	17.75%
PASS-THROUGH REIMBURSABLE CAPITAL COSTS											
- COST-BASED (OUTPATIENT)	66,627	53,808	46,813	50,418	49,924	50,545	53,783	57,220	60,684	64,221	67,877
- PPS-ACTUAL - FIXED	149,963	79,498	126,873	113,510	111,989	114,969	121,299	127,836	134,488	141,219	148,111
- PPS-ACTUAL - MOVEABLE	311,241	278,656	260,789	231,610	234,651	242,262	264,269	287,763	312,627	338,860	366,744
- PPS ACTUAL % - FIXED	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
- PPS ACTUAL % - MOVEABLE	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
- PPS RATE - FIXED PER DISCHARGE	0	0	200.64	209.67	219.10	228.96	239.27	250.03	261.29	273.04	285.33
- PPS RATE - MOVEABLE PER DISCH	0	0	129.01	134.82	140.88	147.22	153.85	160.77	168.00	175.56	183.47
- PPS RATE - FIXED INFLATION FACTOR				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
- PPS RATE - MOVEABLE INFLATION FACTOR				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
PHASE-IN CALCULATIONS:											
- HSP-BASED - MOVEABLE	311,241	278,656	260,789	231,610	234,651	242,262	264,269	287,763	312,627	338,860	366,744
% REIMBURSEMENT	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
HSP BASED PASS THROUGH PORTION	311,241	278,656	247,750	208,449	199,453	193,810	211,415	230,210	250,102	271,088	293,395
- PPS-BASED - MOVEABLE	0	0	218,820	200,950	216,178	233,472	251,392	270,624	291,437	313,951	338,098
% REIMBURSEMENT	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
PPS BASED PORTION	0	0	10,941	20,095	32,427	46,694	50,278	54,125	58,287	62,790	67,620
MOVEABLE DEPRECIATION	311,241	278,656	258,691	228,544	231,880	240,504	261,693	284,335	308,389	333,878	361,015
- HSP-BASED - FIXED	149,963	79,498	126,873	113,510	111,989	114,969	121,299	127,836	134,488	141,219	148,111
% REIMBURSEMENT	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
PPS BASED PASS THROUGH PORTION	149,963	79,498	120,529	102,159	95,191	91,975	97,039	102,269	107,590	112,975	118,489
- PPS-BASED - FIXED	0	0	340,315	312,523	336,205	363,103	390,972	420,882	453,251	488,266	525,820
% REIMBURSEMENT	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
PPS BASED PORTION	0	0	17,016	31,252	50,431	72,621	78,194	84,176	90,650	97,653	105,164
FIXED DEPRECIATION	149,963	79,498	137,545	133,411	145,622	164,596	175,233	186,445	198,240	210,628	223,653
REIMBURSEMENT:											
HSP-BASED	461,204	358,154	368,279	310,608	294,644	285,785	308,454	332,479	357,692	384,063	411,884
CAPITAL REDUCTION PERCENTAGE	3.50%	3.50%	12.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
REDUCTION IN CAPITAL (INPATIENT)	(16,142)	(12,535)	(44,193)	(46,591)	(44,197)	(42,868)	(46,268)	(49,872)	(53,654)	(57,609)	(61,783)
PPS-BASED	0	0	27,957	51,347	82,857	119,315	128,473	138,301	148,938	160,443	172,784
PART B: - (PASS THROUGH)	66,627	53,808	46,813	50,418	49,924	50,545	53,783	57,220	60,684	64,221	67,877
MEDICARE TOTAL CAPITAL REIMBURSEMENT	511,689	399,427	398,855	365,782	383,229	412,777	444,442	478,128	513,660	551,118	590,762

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDICAL EDUCATION											
PART A REIMBURSEMENT											
'DIRECT' REIMBURSEMENT:											
PASS THROUGH CALCULATION:											
TOTAL PASS THROUGH COSTS	1,006,755	1,148,166	1,205,574	1,265,853	1,329,146	1,395,603	1,465,383	1,538,652	1,615,585	1,696,364	1,781,182
INFLATION FACTOR	NA	NA	5%	5%	5%	5%	5%	5%	5%	5%	5%
EDUC PASS THROUGH COSTS % FACTOR - ROUT	61%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
EDUC PASS THROUGH COSTS % FACTOR - ANC	39%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
ROUTINE - DIRECT EDUCATION COSTS	609,087	746,308	783,623	822,805	863,945	907,142	952,499	1,000,124	1,050,130	1,102,637	1,157,769
ANCILLARY - DIRECT EDUCATION COSTS	397,668	401,858	421,951	443,048	465,201	488,461	512,884	538,528	565,455	593,727	623,414
MEDICARE UTILIZATION - ROUTINE	20%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
MEDICARE UTILIZATION - ANCILLARY	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
ROUTINE PASS THROUGH	119,921	177,532	186,408	195,729	205,515	215,791	226,581	237,910	249,805	262,295	275,410
ANCILLARY PASS THROUGH	28,668	33,605	35,285	37,049	38,902	40,847	42,889	45,033	47,285	49,649	52,132
COST OF TEACHING PHYSICIANS											
TOTAL REMUNERATION - PHYSICIANS	8,274,141	8,210,728	8,292,835	8,375,764	8,459,521	8,544,116	8,629,558	8,715,853	8,803,012	8,891,042	8,979,952
INFLATION FACTOR	NA	NA	1%	1%	1%	1%	1%	1%	1%	1%	1%
PROFESSIONAL COMPONENT COSTS	8,274,121	8,210,708	8,292,815	8,375,743	8,459,501	8,544,096	8,629,537	8,715,832	8,802,990	8,891,020	8,979,931
PERCENT OF TOTAL REMUNERATION	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEDICARE PPS DAYS % FACTOR	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
REIMBURSED COST OF PHYSICIANS	667,377	691,921	696,840	705,829	712,887	720,016	727,216	734,488	741,833	749,251	756,744
TOTAL PASS THROUGH	815,966	903,057	920,533	938,606	957,304	976,653	996,685	1,017,431	1,038,923	1,061,196	1,084,286
'INDIRECT' REIMBURSEMENT:											
NUMBER OF INTERNS & RESIDENT FTE'S	20	20	20	20	20	20	20	20	20	20	20
FEDERAL PORTION OF PPS RATE	1867.99	2392.39	4581.67	4978.67	5053.35	5129.15	5231.73	5336.37	5469.77	5606.52	5774.71
MEDICARE CASE MIX INDEX	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708
FEDERAL PAYMENT PER DISCHARGE	2000.24	2561.77	4906.05	5331.16	5411.12	5492.29	5602.14	5714.18	5857.03	6003.46	6183.36
MEDICARE PPS DISCHARGES	1,236	1,345	1,584	1,392	1,433	1,481	1,526	1,572	1,620	1,670	1,721
TOTAL FEDERAL PAYMENT WITHOUT OUTLIERS	2,472,301	3,445,582	7,771,183	7,420,971	7,754,141	8,134,084	8,548,861	8,982,691	9,488,396	10,025,779	10,641,914
OUTLIER REIMBURSEMENT	74,343	77,372	228,842	89,711	93,738	98,331	103,345	108,590	114,703	121,199	128,648
FEDERAL PORTION OF PPS REIMB	2,546,644	3,522,954	8,000,025	7,510,682	7,847,879	8,232,415	8,652,206	9,091,281	9,603,099	10,146,978	10,770,562
INDIRECT TEACHING ADJUSTMENT	0.1304	0.0906	0.1033	0.1060	0.1069	0.1069	0.1069	0.1069	0.1069	0.1069	0.1069
'INDIRECT' MEDICAL EDUC REIMBURSEMENT	332,014	319,198	826,656	796,083	838,786	879,886	924,753	971,682	1,026,385	1,084,516	1,151,165

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	PROJECTED					1996
							1992	1993	1994	1995		
PART B REIMBURSEMENT												
TOTAL REMUNERATION - PHYSICIANS	8,274,141	8,210,728	8,292,835	8,375,764	8,459,521	8,544,116	8,629,558	8,715,853	8,803,012	8,891,042	8,979,952	
INFLATION FACTOR	NA	NA	1X	1X	1X	1X	1X	1X	1X	1X	1X	
PROFESSIONAL COMPONENT COSTS	8,274,121	8,210,708	8,292,815	8,375,743	8,459,501	8,544,096	8,629,537	8,715,832	8,802,990	8,891,020	8,979,931	
PERCENT OF TOTAL REMUNERATION	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
MEDICARE PPS DAYS % FACTOR	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
REIMBURSED COST OF PHYSICIANS	460,869	374,408	378,152	381,934	385,753	389,611	393,507	397,442	401,416	405,431	409,485	
TOTAL MEDICAL EDUCATION REIMBURSEMENT	1,608,849	1,596,664	2,125,342	2,116,623	2,181,843	2,246,150	2,314,946	2,386,555	2,466,725	2,551,142	2,644,935	
SNF												
GROSS REVENUE:												
MEDICARE SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0	
MEDICARE PT DAYS - % INCREASE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
MEDICARE SNF AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
REVENUE % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
GROSS MEDICARE REVENUE - SNF	0	0	0	0	0	0	0	0	0	0	0	
NET REVENUE:												
MEDICARE SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0	
MEDICARE SNF REIMBURSEMENT/DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
MEDICARE SNF NET REVENUE	0	0	0	0	0	0	0	0	0	0	0	
MEDICARE SNF ALLOWANCE	0	0	0	0	0	0	0	0	0	0	0	
SUMMARY												
MEDICARE GROSS REVENUE:												
PPS REVENUES	8,352,319	8,217,458	10,524,236	9,029,771	9,507,890	10,047,090	10,580,367	11,129,728	11,722,896	12,350,550	13,013,692	
PART B REVENUES	1,301,306	1,406,229	1,627,097	1,675,359	1,725,565	1,777,778	1,832,080	1,888,555	1,947,288	2,008,371	2,071,897	
SNF REVENUES	0	0	0	0	0	0	0	0	0	0	0	
TOTAL MEDICARE GROSS REVENUE	9,653,625	9,623,687	12,151,333	10,705,130	11,233,455	11,824,868	12,412,447	13,018,283	13,670,184	14,358,921	15,085,589	

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Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
MEDI-CAL SMF NET REVENUE	0	0	0	0	0	0	0	0	0	0	0
% DISCOUNT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ALLOWANCE	0	0	0	0	0	0	0	0	0	0	0
SUMMARY											
MEDI-CAL GROSS REVENUE											
CAPITATION	0	0	0	0	0	0	0	0	0	0	0
PER DIEM INPATIENT REVENUES	10,692,454	10,826,324	13,938,902	14,501,390	16,394,728	16,812,995	17,238,418	17,602,930	18,024,044	18,477,163	18,940,403
OUTPATIENT REVENUES	3,772,947	3,909,851	4,691,711	4,854,307	5,023,439	5,199,336	5,382,269	5,572,520	5,770,380	5,976,155	6,190,161
SMF REVENUES	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDI-CAL REVENUE	14,465,401	14,736,175	18,630,613	19,355,697	21,418,167	22,012,331	22,620,687	23,175,450	23,794,424	24,453,318	25,130,564
MEDI-CAL NET REVENUE											
CAPITATION	0	0	0	0	0	0	0	0	0	0	0
PER DIEM INPATIENT REIMBURSEMENT	6,995,873	7,555,003	9,249,862	9,939,789	11,272,271	11,636,118	12,010,759	12,347,797	12,730,590	13,141,647	13,566,381
OUTPATIENT REIMBURSEMENT	2,037,391	2,111,320	2,533,524	2,621,326	2,712,657	2,807,641	2,906,425	3,009,161	3,116,005	3,227,124	3,342,687
SMF REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDI-CAL NET REVENUE	9,033,264	9,666,323	11,783,386	12,561,115	13,984,928	14,443,759	14,917,184	15,356,958	15,846,595	16,368,771	16,909,068
MEDI-CAL ALLOWANCE	5,432,137	5,069,852	6,847,227	6,794,582	7,433,239	7,568,572	7,703,503	7,818,492	7,947,829	8,084,547	8,221,496

Contra Costa County
 Merrithew Memorial Hospital
 Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
GROSS REVENUE SUMMARY											
MEDICARE	\$9,653,625	\$9,623,687	\$12,151,333	\$10,705,130	\$11,233,455	\$11,824,868	\$12,412,447	\$13,018,283	\$13,670,184	\$14,358,921	\$15,085,589
MEDICAL	14,465,401	14,736,175	18,630,613	19,355,697	21,418,167	22,012,331	22,620,687	23,175,450	23,794,424	24,453,318	25,130,564
OTHER											
COMMERCIAL	1,470,979	1,466,654	1,539,200	1,657,309	2,249,283	2,310,635	2,373,670	2,461,386	2,531,727	2,616,351	2,692,563
PRIVATE PAY	3,388,314	3,646,166	3,633,146	3,767,680	3,888,572	4,013,654	4,142,830	4,246,039	4,378,919	4,516,269	4,658,166
OTHER	2,312,066	2,245,566	2,006,191	2,017,998	2,072,755	2,129,660	2,187,969	2,226,411	2,284,839	2,345,238	2,407,410
CCNP (INCLUDES BAC/MIA)	14,126,872	14,325,466	16,127,407	16,707,405	17,507,760	18,353,639	19,247,225	20,188,879	21,187,152	22,243,104	23,360,123
TOTAL OTHER	21,298,231	21,683,852	23,305,944	24,150,392	25,718,370	26,807,588	27,951,694	29,122,715	30,382,637	31,720,962	33,118,262
TOTAL GROSS REVENUES	\$43,417,257	\$46,043,714	\$54,087,890	\$54,211,219	\$58,369,992	\$60,644,787	\$62,984,828	\$65,316,448	\$67,847,245	\$70,533,201	\$73,334,415

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
DEDUCTIONS FROM REVENUE SUMMARY											
MEDICARE	1,389,229	390,543	829,476	(125,798)	(63,910)	(66)	10,491	11,749	(33,201)	(84,139)	(199,485)
MEDI-CAL	5,432,137	5,069,852	6,847,227	6,794,582	7,433,239	7,568,572	7,703,503	7,818,492	7,947,829	8,084,547	8,221,496
OTHER											
COMMERCIAL	441,294	439,996	461,760	497,193	674,785	693,191	712,101	738,416	759,518	784,905	807,769
PRIVATE PAY	2,812,301	3,026,318	3,015,511	3,127,174	3,227,515	3,331,333	3,438,549	3,524,212	3,634,503	3,748,503	3,866,278
OTHER	2,312,066	2,245,566	2,006,191	2,017,998	2,072,755	2,129,660	2,187,969	2,226,411	2,284,839	2,345,238	2,407,410
CCNP (INCLUDES BAC/MIA)	3,176,933	3,497,181	4,058,732	4,179,032	4,474,466	4,766,006	5,051,259	5,325,601	5,592,143	5,534,628	5,772,763
TOTAL OTHER	8,742,594	9,209,061	9,542,194	9,821,397	10,449,521	10,920,190	11,389,878	11,814,640	12,271,003	12,413,274	12,854,220
TOTAL DEDUCTIONS FROM REVENUE	15,563,960	14,669,457	17,218,897	16,490,182	17,818,850	18,488,696	19,103,872	19,644,881	20,185,632	20,413,682	20,876,230

NET REVENUE SUMMARY

MEDICARE	\$8,264,396	\$9,233,142	\$11,321,857	\$10,830,928	\$11,297,365	\$11,824,934	\$12,401,956	\$13,006,534	\$13,703,385	\$14,443,060	\$15,285,074
MEDI-CAL	9,033,264	9,666,323	11,783,386	12,561,115	13,984,928	14,443,759	14,917,184	15,356,958	15,846,595	16,368,771	16,909,068
OTHER											
COMMERCIAL	1,029,685	1,026,658	1,077,440	1,160,116	1,574,498	1,617,444	1,661,569	1,722,970	1,772,209	1,831,446	1,884,794
PRIVATE PAY	576,013	619,848	617,635	640,506	661,057	682,321	704,281	721,827	744,416	767,766	791,888
OTHER	0	0	0	0	0	0	0	0	0	0	0
CCNP (INCLUDES BAC/MIA)	10,949,939	10,828,285	12,068,675	12,528,373	13,033,294	13,587,633	14,195,966	14,863,278	15,595,009	16,708,476	17,587,360
TOTAL OTHER	12,555,637	12,474,791	13,763,750	14,328,995	15,268,849	15,887,398	16,561,816	17,308,075	18,111,634	19,307,688	20,264,042
TOTAL NET REVENUES	\$29,853,297	\$31,374,257	\$36,868,993	\$37,721,038	\$40,551,142	\$42,156,091	\$43,880,956	\$45,671,567	\$47,661,613	\$50,119,518	\$52,458,184

Contra Costa County
Merrithew Memorial Hospital
Option I - Base Case - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	P R O J E C T E D				
							1992	1993	1994	1995	1996
Hospital Operations Statement of Income and Expenses											
Gross Patient Revenues:											
Inpatient	\$31,163,527	\$30,463,247	\$36,651,881	\$36,166,249	\$39,691,576	\$41,307,592	\$42,962,501	\$44,581,582	\$46,371,340	\$48,286,615	\$50,286,321
Outpatient	14,013,904	15,580,498	17,436,052	18,045,015	18,678,459	19,337,240	20,022,373	20,734,911	21,475,950	22,246,631	23,048,139
Other Operating Revenue	336,474	235,487	391,077	320,491	335,068	340,639	346,186	351,299	357,077	363,196	369,482
Total Gross Patient Revenue	45,513,905	46,279,232	54,479,009	54,531,755	58,705,103	60,985,471	63,331,059	65,667,792	68,204,367	70,896,441	73,703,961
Less: Deductions from Revenue	15,563,960	14,669,457	17,218,897	16,490,182	17,818,850	18,488,696	19,103,872	19,644,881	20,185,632	20,413,682	20,876,230
Net Revenue from Patients	29,949,945	31,609,775	37,260,112	38,041,574	40,886,254	42,496,775	44,227,187	46,022,911	48,018,735	50,482,759	52,827,711
Operating Expenses:											
Salaries & Wages	21,809,513	24,793,602	26,961,541	27,652,093	29,239,742	30,508,304	31,828,715	33,183,788	34,627,131	36,148,077	37,741,835
Registry	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	205,806	218,360
Employee Benefits	4,926,443	5,789,917	6,296,184	6,457,445	6,828,200	7,124,441	7,432,789	7,749,232	8,086,288	8,441,467	8,813,648
Supplies	3,879,766	3,919,046	3,923,199	4,180,340	4,589,004	4,898,568	5,227,241	5,569,677	5,944,344	6,348,514	6,781,317
Professional Fees	1,617,793	1,597,844	1,422,699	1,512,619	1,634,208	1,739,569	1,851,505	1,969,153	2,096,308	2,232,668	2,378,294
Purchased Services	3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,233,467	5,552,708
Maint, Utilities & Equip Rental	2,568,803	2,359,510	2,211,901	2,356,357	2,626,027	3,653,191	3,990,403	4,246,626	4,416,436	4,700,685	5,003,409
Management Fees	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
Malpractice Insurance	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,148,653	1,206,086	1,266,390	1,329,710
Other	495,230	547,431	523,402	555,329	589,204	625,146	663,279	703,740	746,668	792,214	840,539
Depreciation & Amortization	596,551	612,414	604,236	616,762	625,188	601,134	661,768	722,402	783,036	843,670	904,304
Interest	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
Total Operating Expenses	41,694,443	44,246,369	47,078,828	48,751,407	51,830,133	55,145,083	57,987,005	60,832,318	63,765,303	66,972,016	70,351,251
Net Income from Operations	(11,744,498)	(12,636,594)	(9,818,716)	(10,709,833)	(10,943,879)	(12,648,308)	(13,759,818)	(14,809,407)	(15,746,568)	(16,489,257)	(17,523,540)
Non Operating Revenue											
Investment Income	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Unrestricted Gifts	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634
Other	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931
Total Non Operating Revenue	125,565	125,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565
Net Income	(\$11,618,933)	(\$12,511,029)	(\$9,293,151)	(\$10,184,268)	(\$10,418,314)	(\$12,122,743)	(\$13,234,253)	(\$14,283,842)	(\$15,221,003)	(\$15,963,692)	(\$16,997,975)
AB-B	4,142,259	4,357,440	4,388,826	4,476,602	4,566,134	4,657,457	4,750,606	4,845,618	4,942,530	5,041,381	5,142,209
Presley Funding	0	0	0	0	0	0	0	0	0	0	0
Net Loss/County Contribution	(7,476,674)	(8,153,589)	(4,904,326)	(5,707,666)	(5,852,180)	(7,465,286)	(8,483,647)	(9,438,224)	(10,278,472)	(10,922,311)	(11,855,767)
Net Income from Operations as a % of Gross Patient Revenue	-25.8%	-27.3%	-18.0%	-19.6%	-18.6%	-20.7%	-21.7%	-22.6%	-23.1%	-23.3%	-23.8%

The accompanying notes and summary of significant projection assumptions underlying the projected statements are an integral part of the projected statements of revenues and expenses.

APPENDIX C - NEW HOSPITAL FINANCIAL PROJECTIONS

APPENDIX C
TABLE OF CONTENTS

	<u>Page</u>
Patient Days	1
Rate Increase	2
Statistics	3
Revenues	4
Operating Expenses	5
Revenue by Financial Class	10
Hospital Operations Statement of Income & Expenses	27
Debt Coverage	28

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Contra Costa County
 Merrithew Memorial Hospital
 Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual. 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
RATE INCREASES											
=====											
REGULAR											

MEDICARE	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
MEDI-CAL	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
PRIVATE INSURANCE	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
CCHP	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
PRIVATE PAY	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
OTHER	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
PSYCH											

MEDICARE	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
MEDI-CAL	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
PRIVATE INSURANCE	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
CCHP	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
PRIVATE PAY	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%
OTHER	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual. 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
STATISTICS:											
=====											
PATIENT DAYS											
ACUTE PATIENT DAYS	27,987	28,564	33,391	33,181	37,091	39,698	42,235	43,492	44,653	47,030	49,413
PSYCH PATIENT DAYS	12,244	12,303	12,662	14,600	14,600	14,600	14,600	16,166	16,951	17,385	18,060
SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PATIENT DAYS	40,231	40,867	46,053	47,781	51,691	54,298	56,835	59,658	61,604	64,415	67,473
				3.75%	8.18%	5.04%	4.67%	4.97%	3.26%	4.56%	4.75%
ACUTE BEDS	173	173	151	151	151	151	151	151	154	169	169
PSYCH BEDS	40	40	40	40	40	40	52	58	58	58	58
SNF BEDS	0	0	0	0	0	0	0	0	0	0	0
TOTAL BEDS	213	213	191	191	191	191	203	209	212	227	227
% OCCUPANCY - ACUTE	44.32%	45.24%	60.58%	60.20%	67.30%	72.03%	76.63%	78.91%	79.44%	76.24%	80.11%
% OCCUPANCY - PSYCH	83.86%	84.27%	86.73%	100.00%	100.00%	100.00%	76.92%	76.36%	80.07%	82.12%	85.31%
AVERAGE DAILY CENSUS - ACUTE	76.68	78.26	91.48	90.91	101.62	108.76	115.71	119.16	122.34	128.85	135.38
AVERAGE DAILY CENSUS - PSYCH	33.55	33.71	34.69	40.00	40.00	40.00	40.00	44.29	46.44	47.63	49.48
OUTPATIENT ACTIVITY											
OUTPATIENT VISITS:	42,677	44,979	46,241	48,090	50,014	52,014	54,095	56,259	58,509	62,020	65,741
% VOLUME INCREASE	NA	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.00%	6.00%
OUTPATIENT ER VISITS:	24,220	25,981	24,615	24,615	25,600	26,624	27,689	28,796	29,948	31,745	33,649
% VOLUME INCREASE	NA	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.00%	6.00%
OUTPATIENT PSYCH VISITS:	6,315	6,181	5,876	6,111	6,355	6,609	6,874	7,286	7,723	8,186	8,678
% VOLUME INCREASE	NA	NA	0.00%	4.00%	4.00%	4.00%	4.00%	6.00%	6.00%	6.00%	6.00%

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
REVENUES:											

REVENUE INFLATION FACTOR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT											
OUTPATIENT PSYCH REVENUE PER VISIT	219.33	215.96	238.50	238.50	238.50	238.50	238.50	238.50	238.50	238.50	238.50
OTPT PSYCH REV PER VISIT - % RATE INCR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PSYCH REVENUE	1,385,040	1,334,849	1,401,322	1,457,359	1,515,653	1,576,280	1,639,331	1,737,691	1,841,952	1,952,469	2,069,617
OUTPATIENT ER REVENUE PER VISIT	34.04	27.71	32.81	32.81	32.81	32.81	32.81	32.81	32.81	32.81	32.81
ER REVENUE - % RATE INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT ER REVENUE	824,561	719,833	807,705	807,618	839,923	873,520	908,461	944,799	982,591	1,041,546	1,104,039
OUTPATIENT ALL OTHER REVENUE PER VISIT	276.60	300.71	329.30	329.30	329.30	329.30	329.30	329.30	329.30	329.30	329.30
OUTPATIENT REVENUE - % RATE INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPATIENT ALL OTHER REVENUE	11,804,303	13,525,816	15,227,025	15,836,090	16,469,534	17,128,315	17,813,448	18,525,986	19,267,025	20,423,047	21,648,429
ACUTE INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	877.22	862.93	892.14	932.27	970.55	1006.69	1045.36	1088.12	1130.55	1174.21	1219.78
ACUTE INPATIENT REVENUE - % INCR	NA	-1.63%	3.38%	4.50%	4.11%	3.72%	3.84%	4.09%	3.90%	3.86%	3.88%
PSYCH INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	540.07	472.60	541.98	565.89	587.60	608.50	630.94	654.11	678.12	703.08	728.82
PSYCH INPATIENT REVENUE - % INCR	NA	-12.49%	14.68%	4.41%	3.84%	3.56%	3.69%	3.67%	3.67%	3.68%	3.66%
SNF INPATIENT											
AVERAGE GROSS INPATIENT CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SNF INPATIENT REVENUE - % INCR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER											
OTHER OPERATING REVENUE-FIXED	336,474	235,487	391,077	320,491	337,347	349,002	360,293	374,014	383,426	398,188	414,250
OTHER OPERATING REVENUE-PER ADJ PT DAY	5.77	3.81	5.75	4.59	4.59	4.59	4.59	4.59	4.59	4.59	4.59
REVENUE INFLATION FACTOR	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

GROSS INPATIENT REVENUE	31,163,527	30,463,247	36,651,881	39,195,252	44,577,500	48,847,310	53,362,007	57,899,195	61,977,536	67,445,665	73,435,638
GROSS OUTPATIENT REVENUE	14,013,904	15,580,498	17,436,052	18,101,067	18,825,110	19,578,114	20,361,239	21,208,475	22,091,568	23,417,062	24,822,086
OTHER OPERATING REVENUE	336,474	235,487	391,077	320,491	337,347	349,002	360,293	374,014	383,426	398,188	414,250

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
ADJUSTED PATIENT DAYS											
OUTPATIENT ADJUSTED DAYS	18,091	20,902	21,908	22,066	21,829	21,763	21,686	21,853	21,958	22,365	22,807
TOTAL ADJUSTED PATIENT DAYS	58,322	61,769	67,961	69,847	73,520	76,060	78,521	81,511	83,562	86,780	90,280
OPERATING EXPENSES:											
SALARIES											
AVERAGE EMPLOYEE SALARY PER FTE	\$29,252	\$32,273	\$34,755	\$35,971	\$37,230	\$38,533	\$39,882	\$41,277	\$42,722	\$44,217	\$45,765
SALARY INFLATION FACTOR	NA	NA	BASE	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
AVERAGE PHYSICIAN SALARY PER FTE	\$77,222	\$81,194	\$85,368	\$88,356	\$91,448	\$94,649	\$97,962	\$101,390	\$104,939	\$108,612	\$112,413
SALARY INFLATION FACTOR	NA	NA	BASE	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
TOTAL PHYSICIAN FTE'S	36.85	38.57	43.40	38.57	38.57	38.57	38.57	38.57	38.57	38.57	38.57
G&A FIXED FTE'S	222.94	244.51	243.32	243.32	243.32	243.32	243.32	243.32	243.32	243.32	243.32
G&A VAR FTE'S PER ADJ OCCUPIED BED	0.35	0.36	0.33	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
G&A VARIABLE FTE'S	55.73	61.13	60.83	60.83	64.03	66.24	68.38	70.99	72.78	75.58	78.63
G&A TOTAL FTE'S	278.67	305.64	304.15	304.15	307.35	309.56	311.70	314.31	316.10	318.90	321.95
ANCILLARY FIXED FTE'S	58.51	58.54	57.73	57.73	57.73	57.73	57.73	57.73	57.73	57.73	57.73
ANCILLARY VAR FTE'S PER ADJ OCCUPIED BED	0.74	0.70	0.66	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
ANCILLARY VARIABLE FTE'S	118.90	118.98	123.24	123.24	129.72	134.20	138.55	143.82	147.44	153.12	159.29
ANCILLARY TOTAL FTE'S	177.41	177.52	180.97	180.97	187.45	191.93	196.28	201.55	205.17	210.85	217.02
ROUTINE FTE'S FIXED	45.80	45.32	45.49	45.49	45.49	45.49	45.49	45.49	45.49	45.49	45.49
ROUTINE VAR FTE'S PER OCCUPIED BED	1.15	1.07	0.98	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
ROUTINE VARIABLE FTE'S	183.26	181.31	181.96	181.96	191.53	198.15	204.56	212.35	217.69	226.07	235.19
ROUTINE TOTAL FTE'S	229.06	226.63	227.45	227.45	237.02	243.64	250.05	257.84	263.18	271.56	280.68
TOTAL FTE'S	685.14	709.79	712.57	712.57	731.82	745.13	758.03	773.70	784.45	801.31	819.65
TOTAL FTE'S PER OCCUPIED BED	6.22	6.34	5.65	5.44	5.17	5.01	4.87	4.73	4.65	4.54	4.43
ADJ PDAYS FROM OUTPATIENT & EMERGENCY	18,091	20,902	21,908	22,066	21,829	21,763	21,686	21,853	21,958	22,365	22,807
TOTAL ADJUSTED PATIENT DAYS	58,322	61,769	67,961	69,847	73,520	76,060	78,521	81,511	83,562	86,780	90,280
G&A FTE'S PER ADJUSTED OCCUPIED BED	1.74	1.81	1.63	1.59	1.53	1.49	1.45	1.41	1.38	1.34	1.30
ANCILLARY FTE'S PER ADJUSTED OCCUPIED BED	1.11	1.05	0.97	0.95	0.93	0.92	0.91	0.90	0.90	0.89	0.88
ROUTINE FTE'S PER ADJUSTED OCCUPIED BED	1.15	1.07	0.98	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
FTE'S PER ADJUSTED OCCUPIED BED	4.00	3.93	3.58	3.49	3.41	3.36	3.31	3.26	3.23	3.18	3.13
TOTAL SALARY EXPENSE	21,809,513	24,793,602	26,961,541	27,652,093	29,336,620	30,876,322	32,471,310	34,254,629	35,912,800	37,915,226	40,081,778
EMPLOYEE BENEFITS											
EMPLOYEE BENEFITS AS A % OF SALARIES	22.59%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%	23.35%
TOTAL EMPLOYEE BENEFITS EXPENSE	4,926,443	5,789,917	6,296,184	6,457,445	6,850,824	7,210,382	7,582,851	7,999,300	8,386,524	8,854,140	9,360,083

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

		Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
					1989	1990	1991	1992	1993	1994	1995	1996
PROFESSIONAL FEES												
PROFESSIONAL FEES-FIXED		767,966	758,497	675,355	712,500	751,687	793,030	836,647	882,662	931,209	991,737	1,056,200
PROF. FEES INFLATION FACTOR		NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.50%	6.50%
PROFESSIONAL FEES-VARIABLE		849,827	839,347	747,344	810,319	899,847	982,138	1,069,679	1,171,487	1,267,022	1,401,330	1,552,616
PROF. FEES % RATE INCREASE		NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.50%	6.50%
PROF. FEES (VAR)-PER ADJUSTED PT DAY		14.57	13.59	11.00	11.60	12.24	12.91	13.62	14.37	15.16	16.15	17.20
PROFESSIONAL FEES-PER ADJ PATIENT DAY		27.74	25.87	20.93	21.80	22.46	23.34	24.28	25.20	26.31	27.58	28.90
TOTAL PROFESSIONAL FEES EXPENSE		1,617,793	1,597,844	1,422,699	1,522,818	1,651,535	1,775,168	1,906,326	2,054,150	2,198,231	2,393,067	2,608,816
REGISTRY												
REGISTRY		244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	209,491	226,250
REGISTRY EXPENSE INFLATION FACTOR		NA	NA	BASE	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	8.00%	8.00%
'OTHER' FIXED												
PURCHASED SERVICES		3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,327,186	5,753,361
INSURANCE (EXCLUDING MALPRACTICE)		18,200	43,421	43,454	46,105	48,917	51,901	55,067	58,426	61,990	66,949	72,305
OTHER		477,030	504,010	479,948	509,224	540,287	573,245	608,212	645,313	684,678	739,452	798,608
'OTHER' FIXED		4,139,019	3,778,675	3,981,058	4,223,902	4,481,560	4,754,935	5,044,986	5,352,730	5,679,247	6,133,587	6,624,274
FIXED EXPENSE INFLATION FACTOR		NA	NA	6.00%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%	8.00%	8.00%
'OTHER' FIXED MAINTENANCE (PER HBBJ REPORT)		4,139,019	3,778,675	3,981,058	4,223,902	4,481,560	4,754,935	5,044,986	5,352,730	5,679,247	6,133,587	6,624,274
		411,760	343,967	355,885	377,594	400,627	425,065	450,994	478,505	507,694	548,309	592,174
TOTAL 'OTHER' FIXED EXPENSE		4,550,779	4,122,642	4,336,943	4,601,496	4,882,187	5,180,001	5,495,981	5,831,236	6,186,941	6,681,896	7,216,448
SUPPLIES												
SUPPLIES PER ADJUSTED PATIENT DAY		67	63	58	61	64	67	70	74	77	81	85
SUPPLIES INFLATION FACTOR		NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
TOTAL SUPPLIES EXPENSE		3,879,766	3,919,046	3,923,199	4,233,626	4,679,101	5,082,799	5,509,611	6,005,397	6,464,356	7,048,894	7,699,889
UTILITIES												
UTILITY EXPENSE PER SQUARE FOOT		6.30	6.16	6.38	6.86	7.37	7.93	8.52	9.16	9.85	6.35	6.83
UTILITY INFLATION FACTOR		NA	NA	BASE	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
SQUARE FOOTAGE		118,973	118,973	118,973	118,973	118,973	118,973	118,973	126,013	126,013	218,330	218,330
TOTAL UTILITIES EXPENSE		749,793	733,066	759,131	816,065	877,270	943,065	1,013,795	1,154,319	1,240,893	1,386,396	1,490,375
MANAGEMENT FEES												
MANAGEMENT FEES - FIXED		521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MANAGEMENT FEES INFLATION FACTOR		NA	NA	BASE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
TOTAL MANAGEMENT FEES EXPENSE		521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MALPRACTICE INSURANCE												
MALPRACTICE INSURANCE - FIXED		900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,159,593	1,229,169	1,327,502	1,433,702
MALPRACTICE INS. INFLATION FACTOR		NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	6.00%	6.00%	8.00%	8.00%
TOTAL MALPRACTICE INSURANCE - FIXED EXP		900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,159,593	1,229,169	1,327,502	1,433,702

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

				P R O J E C T E D								
		Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
RENTAL												
	RENTAL PAYMENTS	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
	RENT INFLATION FACTOR	NA	NA	BASE	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	TOTAL RENTAL PAYMENTS EXPENSE	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
DEPRECIATION												
	DEPRECIATION - EXISTING MOVEABLE	276,240	271,669	212,739	164,631	112,424	27,736	27,736	27,736	27,736	27,736	27,736
	NONPROJECT CAPITAL ACQUISITIONS - PRIOR	0	0	144,151	469,151	794,151	1,119,151	1,444,151	1,769,151	2,094,151	2,419,151	2,744,151
	CURRENT ADDITIONS	144,151	144,151	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
	CURRENT ADDITIONS - NEW BOND	0	0	0	0	0	1,440,561	0	0	15,067,447	0	0
	CUMULATIVE NONPROJECT ACQUISITIONS	0	144,151	469,151	794,151	1,119,151	2,884,712	1,769,151	2,094,151	17,486,598	2,744,151	3,069,151
	WEIGHTED AVERAGE USEFUL LIFE	10	10	10	10	10	10	10	10	10	10	10
	DEPRECIATION EXPENSE - MOVEABLE EQUIPMENT	0	7,208	30,665	63,165	95,665	128,165	160,665	193,165	225,665	258,165	290,665
	DEPRECIATION EXP - MOVEABLE - NEW BOND	0	0	0	0	0	0	62,072	93,112	352,726	1,650,800	1,650,800
	DEPRECIATION - EXISTING FIXED	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311	320,311
	NONPROJECT CAPITAL ACQUISITIONS - PRIOR	0	0	661,336	1,364,685	2,068,034	2,771,383	3,474,732	4,178,081	4,881,430	5,584,779	6,288,128
	CURRENT ADDITIONS	0	661,336	703,349	703,349	703,349	703,349	703,349	703,349	703,349	703,349	703,349
	CURRENT ADDITIONS - NEW BONDS	0	0	0	351,473	2,805,548	14,247,756	21,578,119	29,040,716	10,285,960	0	0
	CUMULATIVE NONPROJECT ACQUISITIONS	0	661,336	1,364,685	2,419,507	5,576,931	17,722,488	25,756,200	33,922,146	15,870,739	6,288,128	6,991,477
	WEIGHTED AVERAGE USEFUL LIFE	25	25	25	25	25	25	25	25	25	25	25
	DEPRECIATION EXPENSE - FIXED	0	13,227	40,520	68,654	96,788	124,922	153,056	181,190	209,324	237,458	265,592
	DEPRECIATION EXPENSE - FIXED - NEW BOND	0	0	0	0	0	0	312,800	469,206	913,068	3,132,383	3,132,383
	TOTAL DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,328,779	5,687,487
	REIMBURSABLE DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,328,779	5,687,487

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
INTEREST											
NEW BOND ISSUE											
BEGINNING PRINCIPAL AMOUNT	0	0	0	0	0	123,833,102	123,833,102	123,833,102	123,833,102	123,833,102	122,229,766
ADDITIONS	0	0	0	0	123,833,102	0	0	0	0	0	0
REDUCTION IN PRINCIPAL	0	0	0	0	0	0	0	0	0	1,603,336	1,737,615
ENDING BALANCE	0	0	0	0	123,833,102	123,833,102	123,833,102	123,833,102	123,833,102	122,229,766	120,492,151
INTEREST EXPENSE-CONSTRUCTION	0	0	0	0	10,371,022	10,371,022	10,371,022	10,371,022	10,371,022	10,371,022	10,236,743
LESS: CAP'D INTEREST EXPENSE	0	0	0	0	397,853	1,260,175	2,800,810	4,956,179	7,208,233	0	0
LESS: INT INCOME ON UNEXP PROCEEDS	0	0	0	0	8,804,789	7,844,110	5,961,622	3,311,938	908,936	0	0
INTEREST ON EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0
NET INTEREST EXPENSE- FIXED	0	0	0	0	1,168,380	1,266,737	1,608,591	2,102,905	2,253,853	10,371,022	10,236,743
REIMBURSABLE INTEREST-FIXED & EQUIPMENT	0	0	0	0	1,168,380	1,266,737	1,608,591	2,102,905	2,253,853	10,371,022	10,236,743
INTEREST PAYMENTS-NEW BOND	0	0	0	0	1,566,233	2,526,912	4,409,400	7,059,084	9,462,086	10,371,022	10,236,743
ACCRUED INTEREST-NEW BOND	0	0	0	0	0	0	0	0	0	0	0
INTEREST EXPENSE	0	0	0	0	1,168,380	1,266,737	1,608,591	2,102,905	2,253,853	10,371,022	10,236,743
EXISTING DEBT											
BEG BALANCE	0	0	0	0	0	0	0	0	0	0	0
ADD: ADDITIONS	0	0	0	0	0	0	0	0	0	0	0
LESS: RETIREMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSABLE INTEREST EXPENSE	0	0	0	0	0	0	0	0	0	0	0
ENDING BALANCE	0	0	0	0	0	0	0	0	0	0	0
INTEREST EXPENSE ON EXISTING DEBT	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
REIMBURSABLE INTEREST	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
REDUCTION IN LONG-TERM DEBT	0	0	0	0	0	0	0	0	0	1,603,336	1,737,615
TOTAL INTEREST EXPENSE (TO P&L)	490,836	111,905	291,218	292,506	1,438,795	1,515,463	1,857,317	2,351,631	2,502,579	10,619,748	10,485,469
LESS INTEREST INCOME ON BONDS	0	0	0	0	1,014,657	1,014,657	1,014,657	1,014,657	1,014,657	1,014,657	1,014,657
INTEREST EXPENSE NET OF INT INCOME	490,836	111,905	291,218	292,506	424,138	500,806	842,660	1,336,974	1,487,922	9,605,091	9,470,812
AMORTIZATION OF DEFERRED FINANCING COSTS											
ADDITIONS	0	0	0	0	0	0	0	0	0	0	0
EXISTING EXPENSE	0	0	0	0	0	0	0	0	0	0	0
NEW BONDS EXPENSE	0	0	0	0	0	0	0	0	0	194,444	194,444
TOTAL AMORTIZATION	0	0	0	0	0	0	0	0	0	194,444	194,444

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
EXPENSE SUMMARY											
SALARIES & WAGES	\$21,809,513	\$24,793,602	\$26,961,541	\$27,652,093	\$29,336,620	\$30,876,322	\$32,471,310	\$34,254,629	\$35,912,800	\$37,915,226	\$40,081,778
EMPLOYEE BENEFITS	4,926,443	5,789,917	6,296,184	6,457,445	6,850,824	7,210,382	7,582,851	7,999,300	8,386,524	8,854,140	9,360,083
PROFESSIONAL FEES	1,617,793	1,597,844	1,422,699	1,522,818	1,651,535	1,775,168	1,906,326	2,054,150	2,198,231	2,393,067	2,608,816
REGISTRY	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	209,491	226,250
OTHER FIXED	4,550,779	4,122,642	4,336,943	4,601,496	4,882,187	5,180,001	5,495,981	5,831,236	6,186,941	6,681,896	7,216,448
SUPPLIES	3,879,766	3,919,046	3,923,199	4,233,626	4,679,101	5,082,799	5,509,611	6,005,397	6,464,356	7,048,894	7,699,889
UTILITIES	749,793	733,066	759,131	816,065	877,270	943,065	1,013,795	1,154,319	1,240,893	1,386,396	1,490,375
MANAGEMENT FEES	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
MALPRACTICE INSURANCE	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,159,593	1,229,169	1,327,502	1,433,702
RENTAL	1,407,250	1,282,477	1,096,885	1,162,698	1,232,460	1,306,408	1,384,792	1,467,880	1,555,952	1,649,309	1,748,268
DEPRECIATION	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,328,779	5,687,487
INTEREST	490,836	111,905	291,218	292,506	424,138	500,806	842,660	1,336,974	1,487,922	9,605,091	9,470,812
AMORTIZATION	0	0	0	0	0	0	0	0	0	194,444	194,444
	\$41,694,443	\$44,246,369	\$47,078,828	\$48,814,892	\$52,095,112	\$55,092,299	\$58,882,766	\$63,158,487	\$67,129,705	\$82,104,568	\$87,756,753

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Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	P R O J E C T E D				
							1992	1993	1994	1995	1996
GROSS NON-GOVT REVENUE - OUTPT	275,623	22,283	66,737	69,405	72,181	75,069	78,071	82,756	87,721	92,984	98,563
TOTAL GROSS PRIVATE PAY PATIENT REVENUE	3,388,314	3,646,166	3,633,146	3,849,249	4,019,278	4,200,662	4,388,156	4,538,047	4,730,978	4,979,698	5,239,868
BAD DEBTS:											
BAD DEBTS AS A % OF PRIV PAY REVENUE	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%	83.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PRIVATE PAY BAD DEBT EXPENSE	2,812,301	3,026,318	3,015,511	3,194,877	3,336,001	3,486,549	3,642,169	3,766,579	3,926,712	4,133,149	4,349,090
BAD DEBTS AS A % OF NON-GOVT OUTPT REV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPT NON-GOVT BAD DEBT EXPENSE	0	0	0	0	0	0	0	0	0	0	0
BAD DEBT EXPENSE - TOTAL	2,812,301	3,026,318	3,015,511	3,194,877	3,336,001	3,486,549	3,642,169	3,766,579	3,926,712	4,133,149	4,349,090
NET REVENUE:											
NET PRIVATE PAY REVENUE	576,013	619,848	617,635	654,372	683,277	714,113	745,987	771,468	804,266	846,549	890,778
OTHER											
INPATIENT ACUTE GROSS REVENUE:											
PATIENT DAYS	307	564	591	333	386	509	598	446	438	485	508
PT DAYS - % INCREASE	NA	83.71%	4.74%	-43.69%	16.07%	31.74%	17.61%	-25.41%	-1.85%	10.79%	4.65%
AVERAGE CHARGE PER DAY	866.72	944.29	589.09	612.65	637.16	662.64	689.15	716.71	745.38	775.20	806.21
GROSS REVENUE - % INCREASE	NA	8.21%	-60.30%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS OTHER REVENUE - ACUTE	266,084	532,579	347,978	203,771	245,978	337,009	412,194	319,756	326,399	376,086	409,316
OUTPATIENT GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	12,628,864	14,245,649	16,034,730	16,643,708	17,309,457	18,001,835	18,721,908	19,470,785	20,249,616	21,464,593	22,752,469
NON-GOVT PERCENTAGE OF GPR-OUTPT	2.89%	3.03%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%
GROSS NON-GOVT REVENUE - OUTPT	365,555	431,543	453,398	470,617	489,442	509,020	529,381	550,556	572,578	606,933	643,349
INPATIENT PSYCH GROSS REVENUE:											
PATIENT DAYS	2,049	2,013	1,965	2,344	2,308	2,202	2,130	2,261	2,281	2,245	2,234
PT DAYS - % INCREASE	NA	-1.76%	-2.36%	19.25%	-1.54%	-4.56%	-3.28%	6.15%	0.88%	-1.57%	-0.50%
AVERAGE CHARGE PER DAY	526.01	490.52	415.15	431.75	449.02	466.98	485.66	505.09	525.29	546.31	568.16
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS OTHER REVENUE - PSYCH	1,077,796	987,423	815,948	1,011,942	1,036,186	1,028,484	1,034,519	1,142,106	1,198,199	1,226,585	1,269,303

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	P R O J E C T E D				
							1992	1993	1994	1995	1996
OUTPATIENT PSYCH GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	1,385,040	1,334,849	1,401,322	1,457,359	1,515,653	1,576,280	1,639,331	1,737,691	1,841,952	1,952,469	2,069,617
NON-GOVT PERCENTAGE OF GPR-OUTPT	43.51%	22.03%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%	27.75%
GROSS NON-GOVT REVENUE - OUTPT	602,631	294,021	388,867	404,417	420,594	437,418	454,914	482,209	511,142	541,810	574,319
TOTAL OTHER GROSS PATIENT REVENUE	2,312,066	2,245,566	2,006,191	2,090,747	2,192,200	2,311,931	2,431,008	2,494,627	2,608,318	2,751,414	2,896,287
BAD DEBTS:											
BAD DEBTS AS A % OF OTHER ACUTE REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACUTE OTHER BAD DEBT EXPENSE	1,343,880	1,520,002	1,163,926	1,215,713	1,282,164	1,365,493	1,446,713	1,461,862	1,524,598	1,602,671	1,678,619
BAD DEBTS AS A % OF NON-GOVT OUTPT REV	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OUTPT NON-GOVT BAD DEBT EXPENSE	968,186	725,564	842,265	875,034	910,036	946,438	984,295	1,032,765	1,083,720	1,148,743	1,217,668
BAD DEBT EXPENSE	2,312,066	2,245,566	2,006,191	2,090,747	2,192,200	2,311,931	2,431,008	2,494,627	2,608,318	2,751,414	2,896,287
NET OTHER REVENUE	0	0	0	0	0	0	0	0	0	0	0
CAPITATION											
CONTRA COSTA HEALTH PLAN											
STATISTICS:											
CCMP ENROLLEES	9,912	10,920	13,007	13,476	13,968	14,484	15,027	15,596	16,194	16,822	17,482
CCMP ACUTE DAYS	8,701	7,708	8,528	8,830	9,165	9,533	9,911	10,252	10,644	11,070	11,511
CCMP SNF DAYS	0	0	0	0	0	0	0	0	0	0	0
INPATIENT ACUTE GROSS REVENUE:											
COST BASED ACUTE PATIENT DAYS	8,701	7,708	8,528	8,830	9,165	9,533	9,911	10,252	10,644	11,070	11,511
PT DAYS - % INCREASE	NA	-11.41%	10.63%	3.54%	3.80%	4.01%	3.97%	3.44%	3.82%	4.00%	3.98%
COST BASED ACUTE AVERAGE CHARGE PER DAY	880.24	870.29	952.80	990.91	1030.55	1071.77	1114.64	1159.23	1205.60	1253.82	1303.97
GROSS REVENUE - % INCREASE	NA	-1.14%	8.66%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS CCMP REVENUE - ACUTE	7,658,963	6,708,177	8,125,184	8,749,718	9,445,068	10,216,913	11,047,481	11,884,645	12,832,560	13,879,897	15,009,860
OUTPATIENT GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	12,628,864	14,245,649	16,034,730	16,643,708	17,309,457	18,001,835	18,721,908	19,470,785	20,249,616	21,464,593	22,752,469
CAPITATION PERCENTAGE OF GPR-OUTPT	46.08%	47.64%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%	47.91%
GROSS CCMP REVENUE - OUTPT	5,819,242	6,786,542	7,681,967	7,973,718	8,292,666	8,624,373	8,969,348	9,328,122	9,701,247	10,283,322	10,900,321

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
	P R O J E C T E D										
INPATIENT PSYCH GROSS REVENUE:											
COST BASED ACUTE PATIENT DAYS	659	441	483	505	511	501	498	552	574	583	599
PT DAYS - % INCREASE	NA	-33.08%	9.48%	4.62%	1.13%	-1.92%	-0.55%	10.75%	4.04%	1.58%	2.73%
COST BASED ACUTE AVERAGE CHARGE PER DAY	603.31	548.80	356.53	370.79	385.63	401.05	417.09	433.78	451.13	469.17	487.94
GROSS REVENUE - % INCREASE	NA	-9.03%	-35.03%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS CCHP REVENUE - ACUTE	397,580	242,021	172,136	187,293	196,979	200,927	207,815	239,361	259,003	273,607	292,330
OUTPATIENT PSYCH GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	1,385,040	1,334,849	1,401,322	1,457,359	1,515,653	1,576,280	1,639,331	1,737,691	1,841,952	1,952,469	2,069,617
CAPITATION PERCENTAGE OF GPR-OUTPT	18.13%	44.10%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%	10.57%
GROSS CCHP REVENUE - OUTPT	251,087	588,726	148,120	154,043	160,205	166,613	173,277	183,674	194,694	206,376	218,759
SMF GROSS REVENUE:											
CAPITATION SMF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
PT DAYS - % INCREASE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
CAPITATION SMF AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS CCHP REVENUE - SMF	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS CCHP REVENUE	14,126,872	14,325,466	16,127,407	17,064,772	18,094,918	19,208,826	20,397,921	21,635,802	22,987,504	24,643,202	26,421,270
NET REVENUE:											
TOTAL CCHP ENROLLEES	9,912	10,920	13,007	13,476	13,968	14,484	15,027	15,596	16,194	16,822	17,482
PREMIUMS											
MEDICARE											
ENROLLEES	764	869	1,061	1,114	1,169	1,228	1,289	1,354	1,422	1,493	1,567
ENROLLEES % INCREASE	NA	13.73%	22.03%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	1,169	1,190	1,124	1,158	1,192	1,228	1,265	1,303	1,342	1,382	1,424
MEDICARE PREMIUMS	893,144	1,034,029	1,192,127	1,289,285	1,394,362	1,508,003	1,630,905	1,763,824	1,907,575	2,063,043	2,231,181
INFLATION FACTOR	NA	NA	BASE	3%	3%	3%	3%	3%	3%	3%	3%
MEDI-CAL											
ENROLLEES	4,385	4,250	5,288	5,552	5,830	6,121	6,427	6,748	7,086	7,440	7,812
ENROLLEES % INCREASE	NA	-3.07%	24.40%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	1,062	1,080	1,146	1,180	1,215	1,252	1,289	1,328	1,368	1,409	1,451
MEDI-CAL PREMIUMS	4,658,494	4,590,035	6,057,098	6,550,751	7,084,638	7,662,036	8,286,492	8,961,841	9,692,231	10,482,148	11,336,443
INFLATION FACTOR	NA	NA	BASE	3%	3%	3%	3%	3%	3%	3%	3%
PRIVATE											
ENROLLEES	1,400	2,173	3,023	3,174	3,333	3,499	3,674	3,858	4,051	4,253	4,466
ENROLLEES % INCREASE	NA	55.28%	39.10%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PREMIUMS/ENROLLEE	883	894	713	745	778	813	850	888	928	970	1,014
PRIVATE PREMIUMS	1,236,251	1,943,509	2,154,488	2,364,012	2,593,912	2,846,170	3,122,960	3,426,668	3,759,911	4,125,563	4,526,774
INFLATION FACTOR	NA	NA	BASE	5%	5%	5%	5%	5%	5%	5%	5%

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
BAC/MIA											
ENROLLEES	3,363	3,627	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636
PREMIUMS/ENROLLEE	3,117	2,751	2,745	2,745	2,745	2,745	2,745	2,745	2,745	2,855	2,855
BAC/MIA PREMIUMS	10,481,066	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	9,980,476	10,379,695	10,379,695
INFLATION FACTOR	NA	NA	BASE	0%	0%	0%	0%	0%	0%	4%	0%
TOTAL PREMIUMS	17,268,955	17,548,049	19,384,189	20,184,525	21,053,388	21,996,684	23,020,833	24,132,808	25,340,193	27,050,448	28,474,092
OTHER INCOME	423,830	379,011	308,059	308,059	308,059	308,059	308,059	308,059	308,059	308,059	308,059
INFLATION FACTOR - OTHER INCOME	NA	NA	BASE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL HEALTH PLAN REVENUE	17,692,785	17,927,060	19,692,248	20,492,584	21,361,447	22,304,743	23,328,892	24,440,867	25,648,252	27,358,507	28,782,151
OPERATING EXPENSES	3,654,402	4,044,643	4,219,588	4,430,567	4,652,096	4,884,701	5,128,936	5,385,382	5,654,651	5,937,384	6,234,253
INFLATION FACTOR - OPERATING EXPENSE	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
PAYMENT FOR PURCHASED SERVICES	15,826,593	16,005,672	16,805,762	17,646,050	18,528,353	19,454,770	20,427,509	21,448,884	22,521,328	23,647,395	24,829,765
INFLATION FACTOR	NA	NA	BASE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
NET COUNTY CONTRIBUTION - HEALTH PLAN	(1,788,210)	(2,123,255)	(1,333,102)	(1,584,034)	(1,819,001)	(2,034,727)	(2,227,553)	(2,393,399)	(2,527,728)	(2,226,272)	(2,281,867)
GROSS HEALTH PLAN REVENUE - HOSPITAL	14,126,872	14,325,466	16,127,407	17,064,772	18,094,918	19,208,826	20,397,921	21,635,802	22,987,504	24,643,202	26,421,270
GROSS HEALTH PLAN REVENUE - CLINICS	3,907,074	3,962,424	4,460,841	4,594,666	4,732,506	4,874,481	5,020,716	5,171,337	5,326,477	5,486,271	5,650,860
INFLATION FACTOR - CLINIC REVENUE	NA	NA	BASE	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
GROSS HEALTH PLAN REV TO HOSP & CLINICS	18,033,946	18,287,890	20,588,248	21,659,438	22,827,424	24,083,307	25,418,637	26,807,139	28,313,981	30,129,473	32,072,130
% NET REVENUE - HOSPITAL PORTION	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%
NET CCHP REVENUE	10,949,939	10,828,285	12,068,675	12,528,373	13,033,294	13,587,633	14,195,966	14,863,278	15,595,009	16,708,476	17,587,360
% DISCOUNT	22.49%	24.41%	25.17%	26.58%	27.97%	29.26%	30.40%	31.30%	32.16%	32.20%	33.43%
ALLOWANCE	3,176,933	3,497,181	4,058,732	4,536,399	5,061,624	5,621,193	6,201,955	6,772,524	7,392,495	7,934,726	8,833,910

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDICARE											
PPS											
GROSS REVENUE:											
MEDICARE ACUTE PATIENT DAYS	7,934	8,453	9,956	8,976	9,569	11,332	12,708	13,596	14,960	16,651	18,442
MEDICARE PT DAYS - % INCREASE	NA	6.54%	17.78%	-9.84%	6.60%	18.43%	12.13%	6.99%	10.03%	11.30%	10.76%
MEDICARE AVERAGE CHARGE PER DAY	830.75	772.79	852.37	886.46	921.92	958.80	997.15	1037.04	1078.52	1121.66	1166.53
GROSS REVENUE - % INCREASE	NA	-6.98%	10.30%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS REVENUE:											
MEDICARE PSYCH PATIENT DAYS	3,043	3,490	4,111	4,478	4,619	5,062	5,362	6,323	7,002	7,569	8,273
MEDICARE PT DAYS - % INCREASE	NA	14.69%	17.78%	8.93%	3.17%	9.57%	5.93%	17.92%	10.75%	8.09%	9.30%
MEDICARE AVERAGE CHARGE PER DAY	578.74	482.83	495.73	515.56	536.18	557.63	579.93	603.13	627.25	652.34	678.44
GROSS REVENUE - % INCREASE	NA	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
GROSS MEDICARE REVENUE - PPS	8,352,319	8,217,458	10,524,236	10,265,525	11,298,533	13,688,054	15,780,683	17,913,293	20,526,894	23,614,217	27,125,485
NET REVENUE:											
BLENDED PPS RATE	4054.99	4443.97	4581.67	4978.67	5053.35	5129.15	5231.73	5336.37	5469.77	5606.52	5774.71
CASE MIX INDEX	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708
AVERAGE PAYMENT PER DISCHARGE	4342.08	4758.60	4906.05	5331.16	5411.12	5492.29	5602.14	5714.18	5857.03	6003.46	6183.56
INFLATION FACTOR	NA	NA	1.00%	1.00%	1.50%	1.50%	2.00%	2.00%	2.50%	2.50%	3.00%
MEDICARE PATIENT DAYS	10,977	11,943	14,067	13,454	14,188	16,394	18,069	19,919	21,962	24,220	26,715
MEDICARE ALOS	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88	8.88
MEDICARE DISCHARGES	1,236	1,345	1,584	1,515	1,598	1,846	2,035	2,243	2,473	2,727	3,008
MEDICARE PPS REIMBURSEMENT	5,366,811	6,400,317	7,771,183	8,076,707	8,646,970	10,138,767	11,400,355	12,816,906	14,484,435	16,371,435	18,600,148
OUTLIER											
MEDICARE OUTLIER REIMBURSEMENT	74,343	77,372	228,842	97,638	104,531	122,565	137,816	154,941	175,099	197,911	224,853

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
REIMBURSABLE CAPITAL COSTS											
	2,494,637	2,006,796	1,992,339	2,071,966	2,128,063	2,156,268	2,608,086	2,970,286	3,593,895	6,226,815	7,684,481
PASS-THROUGH CALCULATIONS:											
MEDICARE OUTPATIENT REVENUE % FACTOR	2.67%	2.68%	2.35%	2.30%	2.16%	2.09%	2.01%	1.95%	1.91%	1.87%	1.84%
MEDICARE PPS REVENUE % FACTOR	18.49%	17.85%	19.46%	17.92%	17.82%	20.00%	21.41%	22.64%	24.42%	25.99%	27.61%
PASS-THROUGH REIMBURSABLE CAPITAL COSTS											
-COST-BASED (OUTPATIENT)	66,627	53,808	46,813	47,703	46,047	44,962	52,494	57,944	68,610	116,586	141,033
-PPS-ACTUAL - FIXED	149,963	79,498	126,873	122,096	122,517	138,822	221,522	276,131	412,991	1,023,671	1,095,152
-PPS-ACTUAL - MOVEABLE	311,241	278,656	260,789	249,129	256,710	292,525	336,747	396,466	464,519	594,609	1,026,262
-PPS ACTUAL % - FIXED	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
-PPS ACTUAL % - MOVEABLE	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
-PPS RATE - FIXED PER DISCHARGE	0	0	200.64	209.67	219.10	228.96	239.27	250.03	261.29	273.04	285.33
-PPS RATE - MOVEABLE PER DISCH	0	0	129.01	134.82	140.88	147.22	153.85	160.77	168.00	175.56	183.47
-PPS RATE - FIXED INFLATION FACTOR				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
-PPS RATE - MOVEABLE INFLATION FACTOR				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
PHASE-IN CALCULATIONS:											
-HSP-BASED - MOVEABLE	311,241	278,656	260,789	249,129	256,710	292,525	336,747	396,466	464,519	594,609	1,026,262
% REIMBURSEMENT	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
HSP BASED PASS THROUGH PORTION	311,241	278,656	247,750	224,216	218,204	234,020	269,398	317,173	371,615	475,687	821,010
-PPS-BASED - MOVEABLE	0	0	218,820	218,706	241,069	291,013	335,244	386,138	444,891	512,662	590,935
% REIMBURSEMENT	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
PPS BASED PORTION	0	0	10,941	21,871	36,160	58,203	67,049	77,228	88,978	102,532	118,187
MOVEABLE DEPRECIATION	311,241	278,656	258,691	246,087	254,364	292,223	336,447	396,401	460,593	578,219	939,197
-HSP-BASED - FIXED	149,963	79,498	126,873	122,096	122,517	138,822	221,522	276,131	412,991	1,023,671	1,095,152
% REIMBURSEMENT	100.00%	100.00%	95.00%	90.00%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
PPS BASED PASS THROUGH PORTION	149,963	79,498	120,529	109,886	104,139	111,058	177,218	220,905	330,393	818,937	876,122
-PPS-BASED - FIXED	0	0	340,315	340,138	374,917	452,592	521,381	600,533	691,907	797,306	919,039
% REIMBURSEMENT	0.00%	0.00%	5.00%	10.00%	15.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
PPS BASED PORTION	0	0	17,016	34,014	56,238	90,518	104,276	120,107	138,381	159,461	183,808
FIXED DEPRECIATION	149,963	79,498	137,545	143,900	160,377	201,576	281,494	341,012	468,774	978,398	1,059,930
REIMBURSEMENT:											
HSP-BASED	461,204	358,154	368,279	334,102	322,343	345,078	446,616	538,078	702,008	1,294,624	1,697,132
CAPITAL REDUCTION PERCENTAGE	3.50%	3.50%	12.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
REDUCTION IN CAPITAL (INPATIENT)	(16,142)	(12,535)	(44,193)	(50,115)	(48,351)	(51,762)	(66,992)	(80,712)	(105,301)	(194,194)	(254,570)
PPS-BASED	0	0	27,957	55,884	92,398	148,721	171,325	197,334	227,360	261,994	301,995
PART B: - (PASS THROUGH)	66,627	53,808	46,813	47,703	46,047	44,962	52,494	57,944	68,610	116,586	141,033
MEDICARE TOTAL CAPITAL REIMBURSEMENT	511,689	399,427	398,855	387,574	412,437	486,999	603,443	712,645	892,677	1,479,010	1,885,590

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDICAL EDUCATION											
PART A REIMBURSEMENT											
'DIRECT' REIMBURSEMENT:											
PASS THROUGH CALCULATION:											
TOTAL PASS THROUGH COSTS	1,006,735	1,148,166	1,205,574	1,265,853	1,329,146	1,395,603	1,465,383	1,538,652	1,615,585	1,696,364	1,781,182
INFLATION FACTOR	NA	NA	5%	5%	5%	5%	5%	5%	5%	5%	5%
EDUC PASS THROUGH COSTS % FACTOR - ROUT	61%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
EDUC PASS THROUGH COSTS % FACTOR - ANC	39%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
ROUTINE - DIRECT EDUCATION COSTS	609,087	746,308	783,623	822,805	863,945	907,142	952,499	1,000,124	1,050,130	1,102,637	1,157,769
ANCILLARY - DIRECT EDUCATION COSTS	397,668	401,858	421,951	443,048	465,201	488,461	512,884	538,528	565,455	593,727	623,414
MEDICARE UTILIZATION - ROUTINE	20%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
MEDICARE UTILIZATION - ANCILLARY	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
ROUTINE PASS THROUGH	119,921	177,532	186,408	195,729	205,515	215,791	226,581	237,910	249,805	262,295	275,410
ANCILLARY PASS THROUGH	28,668	33,605	35,285	37,049	38,902	40,847	42,889	45,033	47,285	49,649	52,132
COST OF TEACHING PHYSICIANS											
TOTAL REMUNERATION - PHYSICIANS	8,274,141	8,210,728	8,292,835	8,375,764	8,459,521	8,544,116	8,629,558	8,715,853	8,803,012	8,891,042	8,979,952
INFLATION FACTOR	NA	NA	1%	1%	1%	1%	1%	1%	1%	1%	1%
PROFESSIONAL COMPONENT COSTS	8,274,121	8,210,708	8,292,815	8,375,743	8,459,501	8,544,096	8,629,537	8,715,832	8,802,990	8,891,020	8,979,931
PERCENT OF TOTAL REMUNERATION	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEDICARE PPS DAYS % FACTOR	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
REIMBURSED COST OF PHYSICIANS	667,377	691,921	698,840	705,829	712,887	720,016	727,216	734,488	741,833	749,251	756,744
TOTAL PASS THROUGH	815,966	903,057	920,533	938,606	957,304	976,653	996,685	1,017,431	1,038,923	1,061,196	1,084,286
'INDIRECT' REIMBURSEMENT:											
NUMBER OF INTERNS & RESIDENT FTE'S	20	20	20	20	20	20	20	20	20	20	20
FEDERAL PORTION OF PPS RATE	1867.99	2392.39	4581.67	4978.67	5053.35	5129.15	5231.73	5336.37	5469.77	5606.52	5774.71
MEDICARE CASE MIX INDEX	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708	1.0708
FEDERAL PAYMENT PER DISCHARGE	2000.24	2561.77	4906.05	5331.16	5411.12	5492.29	5602.14	5714.18	5857.03	6003.46	6183.56
MEDICARE PPS DISCHARGES	1,236	1,345	1,584	1,515	1,598	1,846	2,035	2,243	2,473	2,727	3,008
TOTAL FEDERAL PAYMENT WITHOUT OUTLIERS	2,472,301	3,445,582	7,771,183	8,076,703	8,646,977	10,138,770	11,400,349	12,816,906	14,484,446	16,371,436	18,600,161
OUTLIER REIMBURSEMENT	74,343	77,372	228,842	97,638	104,531	122,565	137,816	154,941	175,099	197,911	224,853
FEDERAL PORTION OF PPS REIMB	2,546,644	3,522,954	8,000,025	8,174,341	8,751,508	10,261,335	11,538,165	12,971,847	14,659,545	16,569,347	18,825,014
INDIRECT TEACHING ADJUSTMENT	0.1304	0.0906	0.1033	0.1060	0.1069	0.1069	0.1069	0.1069	0.1049	0.0958	0.0958
'INDIRECT' MEDICAL EDUC REIMBURSEMENT	332,014	319,198	826,656	866,426	935,367	1,096,738	1,233,207	1,386,439	1,537,060	1,586,627	1,802,623

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
P R O J E C T E D											
PART B REIMBURSEMENT											
TOTAL REMUNERATION - PHYSICIANS	8,274,141	8,210,728	8,292,835	8,375,764	8,459,521	8,544,116	8,629,558	8,715,853	8,803,012	8,891,042	8,979,952
INFLATION FACTOR	NA	NA	1%	1%	1%	1%	1%	1%	1%	1%	1%
PROFESSIONAL COMPONENT COSTS	8,274,121	8,210,708	8,292,815	8,375,743	8,459,501	8,544,096	8,629,537	8,715,832	8,802,990	8,891,020	8,979,931
PERCENT OF TOTAL REMUNERATION	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEDICARE PPS DAYS % FACTOR	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
REIMBURSED COST OF PHYSICIANS	460,869	374,408	378,152	381,934	385,753	389,611	393,507	397,442	401,416	405,431	409,485
TOTAL MEDICAL EDUCATION REIMBURSEMENT	1,608,849	1,596,664	2,125,342	2,186,967	2,278,424	2,463,002	2,623,399	2,801,312	2,977,400	3,053,254	3,296,393
SNF											
GROSS REVENUE:											
MEDICARE SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
MEDICARE PT DAYS - % INCREASE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
MEDICARE SNF AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REVENUE % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS MEDICARE REVENUE - SNF	0	0	0	0	0	0	0	0	0	0	0
NET REVENUE:											
MEDICARE SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
MEDICARE SNF REIMBURSEMENT/DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEDICARE SNF NET REVENUE	0	0	0	0	0	0	0	0	0	0	0
MEDICARE SNF ALLOWANCE	0	0	0	0	0	0	0	0	0	0	0
SUMMARY											
MEDICARE GROSS REVENUE:											
PPS REVENUES	8,352,319	8,217,458	10,524,236	10,265,525	11,298,533	13,688,054	15,780,683	17,913,293	20,526,894	23,614,217	27,125,485
PART B REVENUES	1,301,306	1,406,229	1,627,097	1,689,608	1,757,192	1,827,479	1,900,579	1,984,936	2,073,168	2,197,559	2,329,412
SNF REVENUES	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDICARE GROSS REVENUE	9,653,625	9,623,687	12,151,333	11,955,133	13,055,725	15,515,533	17,681,262	19,898,229	22,600,062	25,811,776	29,454,897

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDICARE NET REVENUE:											
PPS REIMBURSEMENT	5,366,811	6,400,317	7,771,183	8,076,707	8,646,970	10,138,767	11,400,355	12,816,906	14,484,435	16,371,435	18,600,148
PART B REIMBURSEMENT	702,705	759,363	797,635	837,836	884,420	933,594	990,356	1,050,570	1,119,908	1,216,779	1,328,480
OUTLIER REIMBURSEMENT	74,343	77,372	228,842	97,638	104,531	122,565	137,816	154,941	175,099	197,911	224,853
CAPITAL COST REIMBURSEMENT	511,689	399,427	398,855	387,574	412,437	486,999	603,443	712,645	892,677	1,479,010	1,885,590
DIRECT EDUCATION REIMBURSEMENT	815,966	903,057	920,533	938,606	957,304	976,653	996,685	1,017,431	1,038,923	1,061,196	1,084,286
INDIRECT EDUCATION REIMBURSEMENT	332,014	319,198	826,656	866,426	935,367	1,096,738	1,233,207	1,386,439	1,537,060	1,586,627	1,802,623
PART B COST OF PHYSICIANS REIMBURSEMENT	460,869	374,408	378,152	381,934	385,753	389,611	393,507	397,442	401,416	405,431	409,485
SNF REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0
MEDICARE NET REVENUE BEFORE CUSHION	8,264,396	9,233,142	11,321,857	11,586,721	12,326,782	14,144,928	15,755,369	17,536,374	19,649,518	22,318,388	25,335,464
CUSHION % OF TOTAL MEDICARE NET REV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LESS: CUSHION	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDICARE NET REVENUE	8,264,396	9,233,142	11,321,857	11,586,721	12,326,782	14,144,928	15,755,369	17,536,374	19,649,518	22,318,388	25,335,464
	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
MEDICARE ALLOWANCE	1,389,229	390,545	829,476	368,412	728,943	1,370,605	1,925,893	2,361,855	2,950,544	3,493,388	4,119,433
MEDICARE % ALLOWANCE	14%	4%	7%	3%	6%	9%	11%	12%	13%	14%	14%
MEDI-CAL											

CAPITATION											

STATISTICS:											
HMO ENROLLEES	0	0	0	0	0	0	0	0	0	0	0
HMO ACUTE DAYS/1000 ENROLLEES	0	0	0	0	0	0	0	0	0	0	0
HMO SNF DAYS/1000 ENROLLEES	0	0	0	0	0	0	0	0	0	0	0
ACUTE GROSS REVENUE:											
CAPITATION ACUTE PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
PT DAYS - % INCREASE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
CAPITATION ACUTE AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REVENUE % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS MEDI-CAL/CAPITATION REVENUE - ACUTE	0	0	0	0	0	0	0	0	0	0	0
OUTPATIENT GROSS REVENUE:											
TOTAL OUTPATIENT GROSS REVENUE	824,838	720,134	808,034	807,947	840,252	873,849	908,790	945,128	982,920	1,041,876	1,104,369
PERCENTAGE OF GPR-OUTPT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GROSS MEDI-CAL REVENUE - OUTPT	0	0	0	0	0	0	0	0	0	0	0
SNF GROSS REVENUE:											
CAPITATION SNF PATIENT DAYS	0	0	0	0	0	0	0	0	0	0	0
PT DAYS - % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CAPITATION SNF AVERAGE CHARGE PER DAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REVENUE % INCREASE	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
MEDI-CAL SNF NET REVENUE	0	0	0	0	0	0	0	0	0	0	0
% DISCOUNT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ALLOWANCE	0	0	0	0	0	0	0	0	0	0	0
SUMMARY											
MEDI-CAL GROSS REVENUE											
CAPITATION	0	0	0	0	0	0	0	0	0	0	0
PER DIEM INPATIENT REVENUES	10,692,454	10,826,324	13,938,902	15,766,138	18,625,879	19,470,082	20,791,076	22,147,372	22,393,333	23,418,275	24,461,956
OUTPATIENT REVENUES	3,772,947	3,909,851	4,691,711	4,870,722	5,065,550	5,268,172	5,478,899	5,707,656	5,946,140	6,302,909	6,681,083
SNF REVENUES	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDI-CAL REVENUE	14,465,401	14,736,175	18,630,613	20,636,860	23,691,429	24,738,254	26,269,975	27,855,028	28,339,473	29,721,184	31,143,039
MEDI-CAL NET REVENUE											
CAPITATION	0	0	0	0	0	0	0	0	0	0	0
PER DIEM INPATIENT REIMBURSEMENT	6,995,873	7,555,003	9,249,862	10,365,319	12,041,398	12,418,966	13,086,436	13,784,336	13,780,268	14,234,318	14,690,288
OUTPATIENT REIMBURSEMENT	2,037,391	2,111,320	2,533,524	2,630,190	2,735,397	2,844,813	2,958,605	3,082,134	3,210,916	3,403,571	3,607,785
SNF REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDI-CAL NET REVENUE	9,033,264	9,666,323	11,783,386	12,995,509	14,776,795	15,263,779	16,045,041	16,866,470	16,991,184	17,637,889	18,298,073
MEDI-CAL ALLOWANCE	5,432,137	5,069,852	6,847,227	7,641,351	8,914,634	9,474,475	10,224,934	10,988,558	11,348,289	12,083,295	12,844,966

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
GROSS REVENUE SUMMARY											
MEDICARE	\$9,653,625	\$9,623,687	\$12,151,333	\$11,955,133	\$13,055,725	\$15,515,533	\$17,681,262	\$19,898,229	\$22,600,062	\$25,811,776	\$29,454,897
MEDI-CAL	14,465,401	14,736,175	18,630,613	20,636,860	23,691,429	24,738,254	26,269,975	27,855,028	28,339,473	29,721,184	31,143,039
OTHER											
COMMERCIAL	1,470,979	1,466,654	1,539,200	1,699,512	2,349,011	2,450,167	2,554,871	2,685,881	2,802,710	2,955,391	3,102,297
PRIVATE PAY	3,388,314	3,646,166	3,633,146	3,849,249	4,019,278	4,200,662	4,388,156	4,538,047	4,730,978	4,979,698	5,239,868
OTHER	2,312,066	2,245,566	2,006,191	2,090,747	2,192,200	2,311,931	2,431,008	2,494,627	2,608,318	2,751,414	2,896,287
CCHP (INCLUDES BAC/MIA)	14,126,872	14,325,466	16,127,407	17,064,772	18,094,918	19,208,826	20,397,921	21,635,802	22,987,504	24,643,202	26,421,270
TOTAL OTHER	21,298,231	21,683,852	23,305,944	24,704,280	26,655,407	28,171,586	29,771,956	31,354,357	33,129,510	35,329,705	37,659,722
TOTAL GROSS REVENUES	\$45,417,257	\$46,043,714	\$54,087,890	\$57,296,273	\$63,402,561	\$68,425,373	\$73,723,193	\$79,107,614	\$84,069,045	\$90,862,665	\$98,257,658

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual. 1988	1989	1990	1991	1992	1993	1994	1995	1996
DEDUCTIONS FROM REVENUE SUMMARY											
MEDICARE	1,389,229	390,545	829,476	368,412	728,943	1,370,605	1,925,893	2,361,855	2,950,544	3,493,388	4,119,433
MEDI-CAL	5,432,137	5,069,852	6,847,227	7,641,351	8,914,634	9,474,475	10,224,934	10,988,558	11,348,289	12,083,295	12,844,966
OTHER											
COMMERCIAL	441,294	439,996	461,760	509,854	704,703	735,050	766,461	805,764	840,813	886,617	930,689
PRIVATE PAY	2,812,301	3,026,318	3,015,511	3,194,877	3,336,001	3,486,549	3,642,169	3,766,579	3,926,712	4,133,149	4,349,090
OTHER	2,312,066	2,245,566	2,006,191	2,090,747	2,192,200	2,311,931	2,431,008	2,494,627	2,608,318	2,751,414	2,896,287
CCHP (INCLUDES BAC/MIA)	3,176,933	3,497,181	4,058,732	4,536,399	5,061,624	5,621,193	6,201,955	6,772,524	7,392,495	7,934,726	8,833,910
TOTAL OTHER	8,742,594	9,209,061	9,542,194	10,331,877	11,294,528	12,154,723	13,041,593	13,839,494	14,768,338	15,705,906	17,009,976
TOTAL DEDUCTIONS FROM REVENUE	15,563,960	14,669,457	17,218,897	18,341,640	20,938,105	22,999,802	25,192,420	27,189,907	29,067,171	31,282,589	33,974,374
NET REVENUE SUMMARY											
MEDICARE	\$8,264,396	\$9,233,142	\$11,321,857	\$11,586,721	\$12,326,782	\$14,144,928	\$15,755,369	\$17,536,374	\$19,649,518	\$22,318,388	\$25,335,464
MEDI-CAL	9,033,264	9,666,323	11,783,386	12,995,509	14,776,795	15,263,779	16,045,041	16,866,470	16,991,184	17,637,889	18,298,073
OTHER											
COMMERCIAL	1,029,685	1,026,658	1,077,440	1,189,658	1,644,308	1,715,117	1,788,410	1,880,117	1,961,897	2,068,774	2,171,608
PRIVATE PAY	576,013	619,848	617,635	654,372	683,277	714,113	745,987	771,468	804,266	846,549	890,778
OTHER	0	0	0	0	0	0	0	0	0	0	0
CCHP (INCLUDES BAC/MIA)	10,949,939	10,828,285	12,068,675	12,528,373	13,033,294	13,587,633	14,195,966	14,863,278	15,595,009	16,708,476	17,587,360
TOTAL OTHER	12,555,637	12,474,791	13,763,750	14,372,403	15,360,879	16,016,863	16,730,363	17,514,863	18,361,172	19,623,799	20,649,746
TOTAL NET REVENUES	\$29,853,297	\$31,374,257	\$36,868,993	\$38,954,633	\$42,464,456	\$45,425,570	\$48,530,773	\$51,917,707	\$55,001,874	\$59,580,076	\$64,283,284

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	1989	1990	1991	1992	1993	1994	1995	1996
Hospital Operations Statement of Income and Expenses											
Gross Patient Revenues:											
Inpatient	\$31,163,527	\$30,463,247	\$36,651,881	\$39,195,252	\$44,577,500	\$48,847,310	\$53,362,007	\$57,899,195	\$61,977,536	\$67,445,665	\$73,435,638
Outpatient	14,013,904	15,580,498	17,436,052	18,101,067	18,825,110	19,578,114	20,361,239	21,208,475	22,091,568	23,417,062	24,822,086
Other Operating Revenue	336,474	235,487	391,077	320,491	337,347	349,002	360,293	374,014	383,426	398,188	414,250
Total Gross Patient Revenue	45,513,905	46,279,232	54,479,009	57,616,810	63,739,956	68,774,426	74,083,540	79,481,684	84,452,530	91,260,915	98,671,974
Less: Deductions from Revenue	15,563,960	14,669,457	17,218,897	18,341,640	20,938,105	22,999,802	25,192,420	27,189,907	29,067,171	31,282,589	33,974,374
Net Revenue from Patients	29,949,945	31,609,775	37,260,112	39,275,170	42,801,851	45,774,623	48,891,119	52,291,777	55,385,359	59,978,327	64,697,600
Operating Expenses:											
Salaries & Wages	21,809,513	24,793,602	26,961,541	27,652,093	29,336,620	30,876,322	32,471,310	34,254,629	35,912,800	37,915,226	40,081,778
Registry	244,287	40,880	135,972	144,266	153,067	162,404	172,310	182,821	193,973	209,491	226,250
Employee Benefits	4,926,443	5,789,917	6,296,184	6,457,445	6,850,824	7,210,382	7,582,851	7,999,300	8,386,524	8,854,140	9,360,083
Supplies	3,879,766	3,919,046	3,923,199	4,233,626	4,679,101	5,082,799	5,509,611	6,005,397	6,464,356	7,048,894	7,699,889
Professional Fees	1,617,793	1,597,844	1,422,699	1,522,818	1,651,535	1,775,168	1,906,326	2,054,150	2,198,231	2,393,067	2,608,816
Purchased Services	3,643,789	3,231,244	3,457,656	3,668,573	3,892,356	4,129,790	4,381,707	4,648,991	4,932,579	5,327,186	5,753,361
Maint, Utilities & Equip Rental	2,568,803	2,359,510	2,211,901	2,356,357	2,510,357	2,700,467	2,877,092	3,129,893	3,304,539	3,584,015	3,830,817
Management Fees	521,432	342,576	350,821	370,116	390,473	411,949	434,606	458,509	483,727	510,332	538,400
Malpractice Insurance	900,000	900,000	900,000	945,000	992,250	1,041,863	1,093,956	1,159,593	1,229,169	1,327,502	1,433,702
Other	495,230	547,431	523,402	555,329	589,204	625,146	663,279	703,740	746,668	806,401	870,913
Depreciation & Amortization	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,523,223	5,881,931
Interest	490,836	111,905	291,218	292,506	424,138	500,806	842,660	1,336,974	1,487,922	9,605,091	9,470,812
Total Operating Expenses	41,694,443	44,246,369	47,078,828	48,814,892	52,095,112	55,118,228	58,910,276	63,187,676	67,129,705	82,104,568	87,756,753
Net Income from Operations	(11,744,498)	(12,636,594)	(9,818,716)	(9,539,722)	(9,293,261)	(9,343,605)	(10,019,157)	(10,895,899)	(11,744,345)	(22,126,241)	(23,059,154)
Non Operating Revenue											
Investment Income	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Unrestricted Gifts	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634	114,634
Other	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931	10,931
Total Non Operating Revenue	125,565	125,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565	525,565
Net Income	(\$11,618,933)	(\$12,511,029)	(\$9,293,151)	(\$9,014,157)	(\$8,767,696)	(\$8,818,040)	(\$9,493,592)	(\$10,370,334)	(\$11,218,780)	(\$21,600,676)	(\$22,533,589)
AB-B	4,142,259	4,357,440	4,388,826	4,476,602	4,566,134	4,657,457	4,750,606	4,845,618	4,942,530	5,041,381	5,142,209
Presley Funding	0	0	0	0	525,771	570,032	892,558	1,199,350	1,583,841	6,906,892	6,846,467
Net Loss/County Contribution	(7,476,674)	(8,153,589)	(4,904,326)	(4,537,555)	(3,675,791)	(3,590,552)	(3,850,428)	(4,325,366)	(4,692,409)	(9,652,403)	(10,544,914)
Net Income from Operations as a % of Gross Patient Revenue	-25.8%	-27.3%	-18.0%	-16.6%	-14.6%	-13.6%	-13.5%	-13.7%	-13.9%	-24.2%	-23.4%

The accompanying notes and summary of significant projection assumptions underlying the projected statements are an integral part of the projected statements of revenues and expenses.

Contra Costa County
Merrithew Memorial Hospital
Option II - New Hospital - Financial Projections

	Actual 1986	Actual 1987	8 month Annual 1988	P R O J E C T E D							
				1989	1990	1991	1992	1993	1994	1995	1996
Debt Coverage											
Net Income	(7,476,674)	(8,153,589)	(4,904,326)	(4,537,555)	(3,675,791)	(3,590,552)	(3,850,428)	(4,325,366)	(4,692,409)	(9,652,403)	(10,544,914)
Depreciation & Amortization	596,551	612,414	604,236	616,762	625,188	601,134	974,568	1,253,680	1,789,216	4,523,223	5,881,931
Financing Costs	490,836	111,905	291,218	292,506	424,138	500,806	842,660	1,336,974	1,487,922	9,605,091	9,470,812
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Total Cash Available For Debt Service	(6,389,287)	(7,429,270)	(4,008,872)	(3,628,287)	(2,626,465)	(2,488,612)	(2,033,200)	(1,734,712)	(1,415,270)	4,475,911	4,807,830
Debt Service											
New Bond - Principal	0	0	0	0	0	0	0	0	0	1,603,336	1,737,615
New Bond - Interest	0	0	0	0	1,566,233	2,526,912	4,409,400	7,059,084	9,462,086	10,371,022	10,236,743
Non-Bond Debt - Interest	490,836	111,905	291,218	292,506	270,415	248,726	248,726	248,726	248,726	248,726	248,726
Non-Bond Debt - Principal	0	0	0	0	0	0	0	0	0	0	0
Less Interest Income - Bonds	0	0	0	0	(1,014,657)	(1,014,657)	(1,014,657)	(1,014,657)	(1,014,657)	(1,014,657)	(1,014,657)
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Total Debt Service	490,836	111,905	291,218	292,506	821,991	1,760,981	3,643,469	6,293,153	8,696,155	11,208,427	11,208,427
Debt Service Coverage Ratio	-13.02	-66.39	-13.77	-12.40	-3.20	-1.41	-0.56	-0.28	-0.16	0.40	0.43
Deficiency in cash	6,880,123	7,541,175	4,300,090	3,920,793	3,448,456	4,249,593	5,676,669	8,027,864	10,111,425	6,732,516	6,400,597
Cash for two times debt coverage	7,370,959	7,653,080	4,591,308	4,213,299	4,270,447	6,010,574	9,320,139	14,321,017	18,807,580	17,940,943	17,609,025

